

1568. Also, petition of Connecticut Department, American Legion, for amendment to the war risk insurance act to extend the time limit for filing claims in tubercular cases; to the Committee on World War Veterans' Legislation.

1569. By Mr. TINKHAM: Petition of Amos Lodge, No. 27, I. O. B. B., Brookline, Mass., opposing the Johnson immigration bill; to the Committee on Immigration and Naturalization.

SENATE.

FRIDAY, March 7, 1924.

(Legislative day of Thursday, March 6, 1924.)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

NAMING A PRESIDING OFFICER.

The reading clerk (John C. Crockett) read the following communication:

UNITED STATES SENATE,
PRESIDENT PRO TEMPORE,
Washington, D. C., March 7, 1924.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. CHARLES CURTIS, a Senator from the State of Kansas, to perform the duties of the Chair this legislative day.

ALBERT B. CUMMINS,
President pro tempore.

Mr. CURTIS thereupon took the chair as Presiding Officer.

CALL OF THE ROLL.

Mr. OVERMAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Adams	Edge	King	Shipstead
Ashurst	Ernst	Ladd	Shortridge
Ball	Ferris	Lodge	Simmons
Bayard	Fess	McKellar	Smoot
Borah	Fletcher	McLean	Stanfield
Brandegee	Frazier	McNary	Stanley
Brookhart	George	Mayfield	Stephens
Broussard	Gerry	Moses	Swanson
Bruce	Glass	Neely	Trammell
Bursum	Gooding	Norris	Wadsworth
Cameron	Hale	Oddie	Walsh, Mass.
Capper	Harrell	Overman	Walsh, Mont.
Caraway	Harris	Pepper	Warren
Colt	Harrison	Phipps	Watson
Copeland	Heflin	Pittman	Weller
Couzens	Howell	Ralston	Wheeler
Curtis	Johnson, Minn.	Ransdell	Willis
Dale	Jones, Wash.	Reed, Pa.	
Dial	Kendrick	Sheppard	
Dill	Keyes	Shields	

The PRESIDING OFFICER. Seventy-seven Senators have answered to their names. A quorum is present. The Senate resumes the consideration of House bill 6349, the pending appropriation bill.

MESSAGE FROM THE HOUSE—ENROLLED JOINT RESOLUTION SIGNED.

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the Speaker of the House had signed the enrolled joint resolution (S. J. Res. 57) authorizing the erection on public grounds in the District of Columbia of a statue by Jose Clara personifying "Serenity," and it was thereupon signed by the Presiding Officer [Mr. CURTIS] as Acting President pro tempore.

M'NEIL ISLAND PENITENTIARY.

Mr. DIAL. Mr. President, a few months ago a man was tried in the United States court in South Carolina and was sentenced to the McNeil Island Penitentiary on the coast of the Pacific Ocean. I criticized the Government officials for sending that man so far away from the place of trial. I did that for the purpose of finding out whether there was any law requiring such a sentence and to ascertain why he was not sentenced to a penitentiary nearer the place of trial. I took up the matter with the Attorney General's office and I am glad to have received a letter this morning which explains the matter and shows that it was not necessary to have entailed that expense upon the Government. I ask that the letter may be printed in the RECORD. I had intended to propose an amendment to the law, but under the circumstances it is not now necessary to do so.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF JUSTICE,
OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., March 1, 1924.

Hon. N. B. DIAL,

United States Senate, Washington, D. C.

DEAR SENATOR DIAL: The necessary information to enable the department to make a satisfactory reply to your letter of January 15, 1924, written with respect to the case of a prisoner who was sentenced by the United States judge for the eastern district of South Carolina to imprisonment in the United States penitentiary at McNeil Island, has very recently been received.

Careful investigation shows that the United States attorney for the eastern district of South Carolina held the erroneous impression that the McNeil Island Penitentiary had been designated for military prisoners sentenced to a term of more than 10 years. No record of such a designation can be found in the department. That no such designation was ever made is evident from the fact that the McNeil Island Penitentiary is not as well adapted for the incarceration of dangerous characters as either the Atlanta Penitentiary or the Leavenworth Penitentiary, since it has only a barbed-wire inclosure instead of a permanent wall. The district attorney evidently advised the court of the impression that he had, and the prisoner was sentenced without the department knowing of the action taken by the court.

It is the fixed policy of the department to incarcerate prisoners in the penitentiary nearest to the place of conviction.

Yours very truly,

A. T. SEYMOUR,
Acting Attorney General.

BRIGHT ANGEL TRAIL, GRAND CANYON NATIONAL PARK.

Mr. McNARY. Mr. President, I ask leave to have printed in the RECORD a letter dated March 5, 1924, from Hon. RALPH H. CAMERON, addressed to Hon. REED SMOOT, chairman Senate conferees on House bill 5078, the Interior Department appropriation bill, relative to an item appropriating \$100,000 for the purchase of the Bright Angel Trail, Grand Canyon National Park, Ariz.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The letter is as follows:

MARCH 5, 1924.

In re item appropriating \$100,000 for the purchase of the Bright Angel Trail, Grand Canyon National Park.

Hon. REED SMOOT,

Chairman Senate Conferees on H. R. 5078,
United States Senate, Washington, D. C.

MY DEAR SENATOR: Section 2418 of the Revised Statutes of Arizona (1913), providing for the jurisdiction and powers of the board of supervisors, subsection 10, provides that the board shall have power to—

"sell at public auction at the courthouse door, after 30 days' previous notice given by publication in a newspaper in the county, and convey to the highest bidder for cash any property, real or personal, belonging to the county, paying the proceeds into the county treasury for the use of the county."

The proposed item in this bill provides that the said sum of \$100,000 if appropriated—

"to be available until expended for payment to the county of Coconino, State of Arizona, for the construction, under the supervision of the National Park Service, of a road from Mafine, Ariz., to the south boundary of the Grand Canyon National Park," etc.

It will be seen, therefore, that the proposed item of \$100,000 if appropriated will not be paid over to the county of Coconino and deposited in the county treasury. In other words, the consideration proposed to the county of Coconino for this toll road and trail is a remote promise to expend \$100,000 on a road almost wholly within forest areas.

Senator ASHURST in his remarks on this item on February 25, 1924, CONGRESSIONAL RECORD, page 3053, says:

"In other words, the \$100,000 proposed to be appropriated is not to be paid into the treasury of the county to become cash assets of the county; the \$100,000 will be expended, I repeat, under the supervision of the National Park Service for the construction of a road some 62 to 63 miles in length to the national park, from the great artery of auto traffic, the Santa Fe Trail, to the Grand Canyon."

Under the statutes of Arizona before the board of supervisors can sell real property—for instance, a road or trail—the same must under appropriate proceedings be declared no longer of a public use, be condemned, and then sold. According to the figures of the Department of the Interior, from October, 1922, to September 30, 1923, the number of persons who used this trail was 7,130, and the source of net revenue to the county was more than \$4,000. Can it be said, therefore, that this trail has no public use in order to come within the statute for condemnation?

It is a question in my mind, should the Board of Supervisors of Coconino County transfer this toll road and trail contrary to the statute, and in doing so not receive and place in the county treasury the consideration therefor, whether they would not be liable to indictment.

It has been stated that I have some interest in certain mining claims within the Grand Canyon National Park which have been the subject of litigation. I reiterate that I have not at the present time, and have not had for many years prior to the date of the creation of the Grand Canyon National Park in 1919, any interest in claims title to which is being litigated by the Government of the United States.

It has also been said that the water from two springs on the Bright Angel Trail has been polluted with typhoid germs. Title to one of these springs is in the county of Coconino, Ariz.; the other in a mining location in which I have had no interest for many years.

I wish to add, further, should the \$100,000 be paid to the county of Coconino, as proposed by this legislation, the whole amount thereof could not be applied to the building of the proposed road under the laws of the State of Arizona.

Therefore, in view of the law, it is my opinion if this proposed legislation is enacted it can not be consummated, and is illegal.

With kind personal regards, I am,

Sincerely yours,

RALPH H. CAMERON.

PETITIONS AND MEMORIALS.

Mr. WARREN presented a telegram in the nature of a petition from the Rawlins (Wyo.) Board of Trade, praying for the passage of the so-called truth-in-fabric bill, which was referred to the Committee on Interstate Commerce.

He also presented a petition, numerously signed, of sundry citizens of Lander, Wyo., praying for the passage of House bill 745, the so-called game refuge and public shooting ground bill, which was referred to the Committee on Agriculture and Forestry.

Mr. JONES of Washington presented a petition of sundry rural mail carriers of Spokane County, Wash., praying for the passage of legislation granting increased compensation to rural mail carriers, which was referred to the Committee on Post Offices and Post Roads.

He also presented a petition of members of the Women's Club, of Satsop, Wash., praying for the passage of the so-called Johnson Immigration bill, which was referred to the Committee on Immigration.

Mr. KEYES presented a resolution of the Progressive Club, of Peterboro, N. H., favoring the participation of the United States in the Permanent Court of International Justice, which was referred to the Committee on Foreign Relations.

He also presented the petition of the congregation of the Union Congregational Church, of Peterboro, N. H., praying an amendment to the Constitution regulating child labor, which was referred to the Committee on the Judiciary.

Mr. SHORTRIDGE presented a petition of members of the faculty of the McClymonde High School, of Oakland, Calif., praying for the participation of the United States in an international conference to suppress the narcotic traffic, which was referred to the Committee on Foreign Relations.

He also presented resolutions of the Exchange Club, of Glendale, and the Central Labor Council, of Long Beach, both in the State of California, favoring the participation of the United States in an international conference to suppress the narcotic traffic, which were referred to the Committee on Foreign Relations.

He also presented resolutions of the Centerville Chamber of Commerce, of Centerville, and the California Development Association, in the State of California, opposing any amendment at the present time to the transportation act of 1920, which were referred to the Committee on Interstate Commerce.

He also presented memorials, numerously signed, of members of the various railroad shop organizations connected with the Atchison, Topeka & Santa Fe Railway system, at Bakersfield, Barstow, Needles, Fresno and vicinity, Los Angeles, Richmond, Oakland, Berkeley and vicinity, Riverbank, Stockton, Modesto and vicinity, San Francisco, and San Bernardino and vicinity, all in the State of California, remonstrating against the making of any substantial change in the transportation act of 1920, which were referred to the Committee on Interstate Commerce.

Mr. NEELY presented the petition of H. L. McDonie, of Huntington, and sundry other citizens in the State of West Virginia, praying for the passage of legislation similar to or identical with the so-called Brookhart-Hull bill, requiring all strictly military supplies to be manufactured in Government-owned navy yards and arsenals, etc., which was referred to the Committee on Military Affairs.

REPORTS OF COMMITTEES.

Mr. CAMERON, from the Committee on Military Affairs, to which was referred the bill (S. 589) for the relief of James Moran, reported it without amendment and submitted a report (No. 209) thereon.

Mr. BAYARD, from the Committee on Claims, to which was referred the bill (S. 349) for the relief of sufferers in New Mexico from the flood due to the overflow of the Rio Grande and its tributaries, reported it without amendment and submitted a report (No. 210) thereon.

Mr. WADSWORTH, from the Committee on Military Affairs, to which were referred the following bills and joint resolution, reported them severally without amendment and submitted reports thereon:

A bill (S. 2745) to authorize the Secretary of War to convey to the States in which located Government owned or controlled approach roads to national cemeteries and national military parks, and for other purposes (Rept. No. 211);

A bill (S. 2746) regulating the recovery of allotments and allowances heretofore paid to designated beneficiaries (Rept. No. 212); and

A joint resolution (S. J. Res. 72) authorizing the Secretary of War to lease to the New Orleans Association of Commerce, New Orleans quartermaster intermediate depot unit No. 2 (Rept. No. 213).

REPORT OF THE NATIONAL FORESTRY COMMISSION (S. DOC. NO. 59).

Mr. MOSES. From the Committee on Printing I report a resolution, and I ask unanimous consent for its immediate consideration.

The resolution (S. Res. 186) was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the report of the National Forestry Commission for the year ending June 30, 1923, be printed as a Senate document.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BALL:

A bill (S. 2776) to further regulate certain public-service corporations operating within the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. RANDELL:

A bill (S. 2777) to authorize the establishment of a Coast Guard station on Lake Ponchartrain at New Orleans; to the Committee on Commerce.

By Mr. SHEPPARD:

A bill (S. 2778) for the relief of R. E. Swartz, W. J. Collier, and others; to the Committee on Claims.

By Mr. EDGE:

A bill (S. 2779) authorizing the owners of the steamship *Malta Maru* to bring suit against the United States of America; to the Committee on Claims.

By Mr. CAMERON:

A bill (S. 2780) for the relief of William Wooster; to the Committee on Claims.

By Mr. PHIPPS:

A bill (S. 2781) to amend the act entitled "An act to provide for agricultural entry of lands withdrawn, classified, or reported as containing phosphate, nitrate, potash, oil, gas, or asphaltic minerals," approved July 17, 1914, so as to protect owners of lands, the patent to which contains a reservation of the mineral rights in the United States, against injuries and damages accruing by reason of mineral development thereon, without retarding or injuring the development of such mineral resources;

A bill (S. 2782) to amend the act entitled "An act to provide for agricultural entries on coal lands," approved June 22, 1910, as amended, so as to protect owners of lands, the patent to which contains a reservation of the coal rights in the United States, against injuries and damages accruing by reason of coal development thereon, without retarding or injuring the development of such coal resources; and

A bill (S. 2783) to amend the act entitled "An act to provide for stock-raising homesteads, and for other purposes," approved December 29, 1916, so as to protect owners of lands, the patent to which contains a reservation of the coal and other mineral rights in the United States, against injuries and damages accruing by reason of mineral development thereon, without retarding or injuring the development of such mineral resources; to the Committee on Public Lands and Surveys.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Farrell, one of its clerks, announced that the House had passed a bill

(H. R. 6901) to amend section 252 of the revenue act of 1921 in respect of credits and refunds, in which it requested the concurrence of the Senate.

INVESTIGATION OF INTERNAL REVENUE BUREAU.

Mr. KING. Mr. President, Senate Resolution 168 was offered to the Committee to Audit and Control the Contingent Expenses of the Senate. A similar resolution is pending before the Finance Committee. The Committee to Audit and Control the Contingent Expenses of the Senate have reported back favorably Senate Resolution 168, and I ask, with the consent of the Senator from Michigan [Mr. COUZENS], who is the author of the resolution, that it may be referred to the Committee on Finance. I have the assurance of that committee that tomorrow it will be considered, and that action will be taken.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Utah? The Chair hears none, and the resolution is so referred.

PRESIDENTIAL APPROVAL.

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that on the 4th instant the President had approved and signed the bill (S. 2583) granting a franking privilege to Edith Bolling Wilson.

HOUSE BILL REFERRED.

The bill (H. R. 6901) to amend section 252 of the revenue act of 1921 in respect of credits and refunds, was read twice by its title and referred to the Committee on Finance.

INTERNATIONAL INSTITUTE OF AGRICULTURE (S. DOC. NO. 58).

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Foreign Relations and ordered to be printed:

To the Congress of the United States:

I invite the attention of the Congress to the accompanying report of the Secretary of State concerning requests made by the Secretary of Agriculture that legislation be obtained that will enable an appropriation of \$10,045 to be made for the expenses of nine delegates to the meeting of the General Assembly of the International Institute of Agriculture at Rome in May next, and an appropriation of \$5,000 to enable the United States to meet the obligation which would be incurred in requesting the admission to the institute of Hawaii, the Philippines, Porto Rico, and the Virgin Islands.

I quite agree with the views of the Secretary of State and the Secretary of Agriculture that it is important to the agricultural interests of the United States that this country should be adequately represented in the general assembly of the institute, and that the United States should have in the assembly a voting strength and influence equal to that of any other country. I therefore commend the requests to the favorable consideration of the Congress.

CALVIN COOLIDGE.

THE WHITE HOUSE, March 7, 1924.

TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATIONS.

The Senate, as in Committee of the Whole, resumed consideration of the bill (H. R. 6349) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1925, and for other purposes.

The PRESIDING OFFICER. The question is upon agreeing to the amendment of the committee on page 15, which the Secretary will report.

The READING CLERK. On page 15, line 8, the committee proposes to strike out "\$13,680,140" and insert "\$16,180,140," so as to read:

For collecting the revenue from customs and for the detection and prevention of frauds upon the customs revenue, including not to exceed \$15,000 for the hire of motor-propelled, passenger-carrying vehicles, \$16,180,140—

And so forth.

Mr. OVERMAN. Mr. President, in the consideration of a bill which appropriates \$700,000,000, we have arrived at an item which I feel I ought to oppose, and to save, if possible, the taxpayers of the country \$2,500,000. It seems that when we consider the question of saving \$2,000,000 to the taxpayers of the country the Senate does not care anything about it. This is a small amount of money—only \$2,000,000.

I want to take up the item to show that we are now appropriating \$4,000,000 more than was appropriated during the Democratic administration and during the last administration for this purpose. The appropriation last year was \$12,000,000 for the collection of customs. The House, I suppose, because

of the difficulty in getting good men to serve, on account of the salaries, increased the appropriation to \$13,000,000, an increase over last year of \$1,500,000. When the bill came to the Senate the Senate Committee on Appropriations concluded they would go two better and so increased it \$2,500,000.

I happened to be present when Mr. Mellon came before the committee. I said, "Mr. Mellon, this has not been estimated for." He said he thought he could get an estimate for it and that it would come down later. I was not present when he returned, as I had business on the floor of the Senate at that time, but when he came back he came without the estimate. He could not get an estimate. He could not get the Budget to increase the estimate from \$13,000,000 to \$16,000,000, although he tried to do so. Why? Because the Budget and the President, I suppose, thought that \$13,000,000 was sufficient.

Now, let us look at the history of this matter. Senators talk about reducing expenses. Let us see. Under the Democratic administration in 1915 it cost \$10,000,000 for the collection of customs of the Government; in 1916 it was \$10,150,000; in 1917 it was \$10,000,000; in 1918 it was \$9,800,000, with a deficiency of \$300,000, which made a little over \$10,000,000; in 1919 it was \$10,500,000; in 1920 it was \$10,000,000; in 1921 it was \$11,300,000; in 1922 it was \$11,320,000; in 1923 it was \$11,323,000; and in 1924 it was \$12,000,000. That was for last year.

Mr. WARREN. Mr. President, will the Senator permit me to ask him a question?

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Wyoming?

Mr. OVERMAN. Certainly.

Mr. WARREN. Has the Senator from North Carolina the figures before him showing the total receipts from customs during the years he has named, in order that we may properly make the comparison?

Mr. OVERMAN. I do not think it makes any difference about the amount of receipts from customs. Of course, under the present high tariff law those receipts have increased greatly; but it does not cost any more to collect \$500 than it costs to collect \$1.

Mr. WARREN. I think the Senator will admit that there is a difference between the present situation and that which formerly existed, arising from the fact that there are many thousands of dollars' worth of merchandise which now comes in upon which customs are collected which formerly came in free. The absolutely necessary work involved in handling the shipments of merchandise which has to be examined and passed upon is more than ten times what it formerly was.

Mr. OVERMAN. Of course, there is no handling necessary as to the merchandise which comes in free.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Tennessee?

Mr. OVERMAN. I yield.

Mr. McKELLAR. If there has been no estimate by the Budget Bureau for this appropriation, is it not subject to a point of order?

Mr. OVERMAN. Yes; and I am going to make the point of order, because it is not estimated for.

Mr. President, though I do not think the present chairman of the Committee on Appropriations would be subject to the criticism, I have found in my long service in the Senate that the rules do not amount to very much. If the chairman of a committee is in favor of a proposition, and has a majority back of him, what does a rule amount to? The present chairman of the committee knows the rules of the Senate, for he has been on the Rules Committee, and I know he is one of the best parliamentarians of the body. This item of appropriation has not been estimated for. The department estimated for \$13,680,140 and the House of Representatives gave them \$13,680,140. The Committee on Appropriations of the Senate now proposes to increase the item to \$16,180,140, making an increase over the appropriation of last year of more than \$4,000,000 for the collection of customs and revenues, and \$2,500,000 over the amount proposed by the House, and \$2,500,000 more than the sum estimated for by the Budget Bureau. Is the Senate going to approve of that? The Senate does not seem to care much about spending money. We provided for an appropriation of \$500,000 here the other day for an institution in this city, but the House of Representatives would not for a minute agree to that appropriation, and they rejected it.

Mr. President, I think we ought to consider the taxpayers of the country. I do not want the Republicans this year to go before the people and say, "We are saving money and reducing expenses," as was contended here on yesterday, when, as a matter of fact, in this one item the expenditures have been increased from \$11,300,000 in 1921 to \$16,180,140 for this

year, making an increase larger than ever before, and it is proposed to appropriate \$16,180,000, notwithstanding the estimates of all the officials concerned except Mr. Mellon himself, who comes down and tries to get this increased allowance, and does get it against the Budget Bureau estimate.

So I express the hope that the Senate will consider the matter. Let us try to save the taxpayers of this country this enormous amount of money, which the Budget Bureau has stated is not needed. That statement is proven by the fact that the Secretary of the Treasury tried to get the appropriation estimated for as a supplemental estimate, but could not do so, with all his power and influence, for the President and General Lord knew that \$13,680,000 was sufficient.

Therefore, Mr. President, the appropriation not being estimated for, I make the point of order against it.

The PRESIDING OFFICER. The Chair is ready to rule. The rule prohibits the offering of amendments increasing the amount of an appropriation if they have not been estimated for, but it applies to such amendments only when offered by individual Senators. The first paragraph of Rule XVI permits any standing committee to propose such amendments. The Chair, therefore, overrules the point of order.

Mr. WARREN. Mr. President, it is true, as stated by the Senator from North Carolina [Mr. OVERMAN], that the appropriation here proposed by the committee for the purpose of collecting customs duties is larger than formerly; that it has been increased. However, it must be remembered that the work required to be done is very great, much greater than it has been heretofore. The Government is now collecting many millions a month from customs duties, whereas formerly it collected hardly a fraction of the amount now collected. All imported merchandise has to be handled by laborers and clerks in order to see that the Government receives the amounts which are properly due upon the various character of imports. It is due to the importers at this end of the line who have purchased the goods, and it is due to those who ship them, as well as to the Government of the United States, to see that there shall be a fair and correct collection of the customs duties on all imported merchandise under the law.

The present condition may be stated to be this: There have been for some years past—I should say for as many as four or five years—very strong pleas made before the Committee on Appropriations for an increase of the salaries of the employees in the New York Customhouse. Those employees have made heart-rending appeals and, in my judgment, they have given good reasons for their complaints, because the wages which the department has been permitted to pay to the employees of that service are below those which are paid to persons similarly employed in the Post Office Department and in other lines of business which are conducted by private corporations and by private individuals.

Under the law the Post Office Department arranged the pay of its own employees after meetings and action by committees of both Houses and after action by Congress itself. Yet bills have been introduced on the other side to increase the pay of the postal employees. The postal employees working along the same lines and, in fact, even intermixed with the employees of the customs service, receive about \$250 more per annum than has been allowed to the customs laborers.

Every year there have been very strong arguments presented to increase the compensation of customs employees, but we have not felt, in view of the work of classifying the Government employees which is carried on and the law for that purpose which is being applied to the compensation of labor under all the departments, that we should raise the salaries of the customs employees. So they have waited from day to day and year to year, as others have done.

Last year on the 4th of March Congress passed what is called the Calder Act. The distress was such that it seemed necessary to give customs employees some relief, and so that bill was passed allowing an increase of wages not to exceed in any case 30 per cent. The law, however, became almost inapplicable because the appropriation which had been made prior to that time was not sufficient to provide the necessary funds, and consequently the Calder law could not be put into effect. Besides this the number of employees needed to be very greatly increased to take care of the expanding business. The complaint before us was that not only would the salaries and wages be too small after July, but in the meantime the deficiency appropriation that had already been determined upon by the House under the law was too small to provide for the necessary payments up to the first of next July.

The distinguished Senator from North Carolina, I think, stepped out of the room just previous to the time when the

consideration of this bill was completed, and I wish to say that the Senator from Tennessee was absent because of other public business; so that they may well be unacquainted with the argument that was presented by the collectors of the ports of Seattle, San Francisco, and New York and their assistants who have to deal with the matter of labor.

Mr. OVERMAN. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from North Carolina?

Mr. WARREN. I yield.

Mr. OVERMAN. Is it not provided by the Budget law that no chief clerk or head of a department shall be permitted to come before a committee and ask for a greater appropriation than has been estimated for? Is not that the law, and is it not a crime to act contrary to that provision of the law?

Mr. WARREN. The Senator has the law before him, and I will let him answer that question; but if we send for officers of the Government to give evidence and furnish information, are they to be blamed for appearing before the committee?

Mr. OVERMAN. If we send for them they probably have to come down.

Mr. WARREN. If the Senator will look at the law again he will find that Cabinet officers and the employees to whom he has referred may not come before the committee and undertake to override the Budget, but it is not denied to the Senate and the House of Representatives to send for any one or all of them and question them.

Mr. OVERMAN. If we send for the customs officers that is another question, and the Secretary of the Treasury, I presume, would have the right to come if he wanted to, but the heads of the various bureaus and divisions have no right to come and it is a crime for them to do so to seek for increased appropriations unless we send for them.

Mr. WARREN. The Senator will remember that he did not favor the Budget law and I did not vote for it, but we take shelter under it, as the Senator is now doing.

Mr. OVERMAN. I am trying to take shelter under a law which has been enacted by Congress.

Mr. WARREN. That is all right, but is the Senator ready to forfeit our right to send for whatever officials of the Government we may wish to hear? Secretary Mellon did not come before the committee without an invitation. Pressure in regard to the situation in the customs service as well as the situation in the Internal Revenue Bureau comes to the Committee on Appropriations from all directions and all sides. Hence information is asked for, and the committee through its clerk invites the proper officials to come before it to give evidence. I do not know whether it is true that Secretary Mellon went to the Budget and made a plea for this additional appropriation, but the Senator is right in saying that we have not an estimate of the Budget for that particular part of the appropriation.

The PRESIDING OFFICER. The question is on the amendment reported by the committee.

Mr. McKELLAR. Mr. President, the facts about this matter are that when the bill was under consideration before the Appropriations Committee Secretary Mellon appeared and this occurred, as shown on pages 22 and 23 of the hearings:

Secretary MELLON. There is another matter which does not come in under any communication as yet from the department, and that is relating to the customs service. It is a matter primarily for the Director of the Budget, but it has been taken up with the Director of the Budget and with the President lately; and as it is hardly appropriate for the Secretary of the Treasury to bring it before your committee, I should like to ask whether there may be an opportunity for the Director of the Budget and myself to appear on the question of an additional appropriation for the customs service.

I call the attention of the Chair to this because of a motion which I intend to make in a few moments.

The CHAIRMAN. What time would you suggest?

Secretary MELLON. We can arrange it for whatever time may be convenient for you.

Senator OVERMAN. It depends upon when the Budget sends down the estimate. The estimate from the Budget has not yet come in.

Secretary MELLON. This was not included in the estimate of the Budget at all.

I call especial attention to the testimony of the Secretary.

Mr. OVERMAN. He did not get General Lord to come with him, did he?

Mr. McKELLAR. I am reading the testimony just as it appears, and will come to that question in a moment, I think:

Senator OVERMAN. You want to have them make a supplemental estimate?

Secretary MELLON. It is of that nature.

Senator OVERMAN. We should like to get it down before this bill is reported out.

Secretary MELLON. How soon may that be?

The CHAIRMAN. Can you come to-morrow morning at 10.30 or some time to-morrow morning?

Secretary MELLON. I will see. I am not entirely sure.

The CHAIRMAN. Suppose you come to-morrow, if it is convenient; if not, not later than the next day. We want to push the bill along.

Secretary MELLON. Very well. I will advise you as to that. I am not sure whether the Director of the Budget can be here then or not. He may possibly be out of town.

I need not read further.

Again, on page 149 of the record, Secretary Mellon appeared again. Neither Secretary Mellon nor the Director of the Budget ever estimated for this item. There is no Budget recommendation for it.

If the Chair will look at page 15 of the bill, this is the committee amendment increasing the appropriation for this purpose from \$13,680,140 to \$16,180,140. The rule of the Senate on the subject, Rule XVI, reads in part as follows:

All general appropriation bills shall be referred to the Committee on Appropriations, and no amendments shall be received to any general appropriation bill the effect of which will be to increase an appropriation already contained in the bill, or to add a new item of appropriation—

And this is both; this is specifically for the Customs Service—

unless it be made to carry out the provisions of some existing law—

And there is no law for it—

or treaty stipulation, or act—

And there is no treaty stipulation or act for it—

or resolution previously passed by the Senate during that session—

And there is no resolution previously passed by the Senate during this session—

or unless the same be moved by direction of a standing or select committee of the Senate—

And that has not been done—

or proposed in pursuance of an estimate submitted in accordance with law.

There is no estimate for it.

The PRESIDING OFFICER. Will the Senator from Tennessee tell the Chair what the status of the Committee on Appropriations of the Senate is, if it is not a standing committee of the Senate?

Mr. McKELLAR. It is a standing committee, but it is not within the provision of this rule. If that were so, then the Appropriations Committee could report any amendment of any kind to any bill, and I do not think that was ever intended. Frequently, I know, the Chair has held that it could not do it. Of course, if the Chair takes that position, it could be done.

Mr. President, I want to say that I agree entirely with the Senator from North Carolina that this is an unnecessary appropriation. It is an increase of over \$2,000,000 without any justifiable reasons being given—they are not to be found in the hearings—except the ipse dixit of the Secretary of the Treasury, and perhaps some clerk told him that it was necessary to increase the amount \$2,000,000.

If we want to legislate in that way and if the Chair holds that the Committee on Appropriations is all powerful under the rules and can add any amendment increasing any appropriation that it desires, if that is the true meaning of the rule, the amendment is in order; but surely the Senate ought not to agree to it if it is in order. It ought to vote it down. There is no ground stated in the hearings anywhere that is sufficient upon which to predicate an enormous increase of this appropriation such as the one suggested here.

Mr. SMOOT. Mr. President, I have known for the last three years, at least, that the Government of the United States was losing millions of dollars by not having the proper help to examine in detail the merchandise entering into the United States on which duties are to be paid; not \$1,000,000 but millions of dollars every year. The last time I was in New York I went through the customhouse there, and it was so jammed and crowded with merchandise that it was almost impossible to get through. Merchandise coming into the port of New York had been there for nearly 30 days, and the importers were asking and pleading that some help should be secured in order that they could pay their custom dues upon

the merchandise and allow it to enter into commerce. So, Mr. President, I favored this appropriation, because I knew that it meant money to the United States Treasury. Senators complain about the increase of \$1,000,000, as compared with the year 1919. What are the results? During the year 1919 the percentage of expense of collecting money for the Treasury of the United States on imports was 5.46 per cent, while the cost of collection for 1923 was only 2.07 per cent. In other words, the cost of collecting each dollar on goods coming into this country in the year 1923 was less than half what it was in the year 1919.

Mr. WADSWORTH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from New York?

Mr. SMOOT. I do.

Mr. WADSWORTH. The Senator, I assume, is quoting figures for the entire country, for all the customhouses.

Mr. SMOOT. I am quoting figures for the entire country; and while I speak of New York, and I will admit that is the most congested place in the United States, nearly every customhouse has asked for additional help—it will be found in the House hearings beginning on page 658—showing that it is necessary to have 1,178 more employees in the service if the service is to be run in the proper way.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. SMOOT. I yield.

Mr. McKELLAR. Will the Senator permit me here to read what Secretary Mellon said this money was going to be used for, and then let me ask a question about it?

Mr. SMOOT. I will come to that, if the Senator will allow me.

Mr. McKELLAR. I want to call the Senator's attention to this now. Secretary Mellon says it is to increase salaries. Now, does not the present reclassification act increase the salaries of these employees? Is it possible that we are going to make a lump-sum appropriation to increase the compensation of these particular employees and at the same time give them the increases of salary that are provided for in the reclassification act? Does the Senator think that is right?

Mr. SMOOT. Mr. President, I want to say again that this year there will be a bonus of \$240 for the field service. It is true that all the employees in the District of Columbia have been classified and allocated under the reclassification act, but that has not been done in the case of the field service.

Mr. McKELLAR. When will we get to the field service, in the opinion of the Senator?

Mr. SMOOT. I will say to the Senator that they are at it now.

Mr. McKELLAR. Can we get the result of their work by July 1?

Mr. SMOOT. No; it can not be done.

Mr. McKELLAR. In all the other bills we are appropriating on the assumption that we will get on the new basis by the 1st of July, and provision is made in this bill for the payment of salaries according to the reclassification act.

Mr. SMOOT. Why, certainly.

Mr. McKELLAR. We are raising their salaries in that way and now we come along and propose to give the Secretary of the Treasury \$2,000,000 more for further salary increases to the same employees.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Idaho?

Mr. SMOOT. Yes.

Mr. BORAH. Do I understand that this increased sum is in the nature of a bonus to the employees?

Mr. SMOOT. No, Mr. President; I spoke of the bonus because of the fact that for the last four or five years all employees in the field service have received the \$240 bonus. There will be no bonus for the employees in the District of Columbia this year, and the provision in the bill specifically states that they shall be paid under the reclassification act; but the field service has not been reclassified, and therefore we can not make that provision for the field service. Before this session of Congress adjourns, therefore, there will be presented a bill, applying to the field service, carrying a general bonus of \$240. That, however, does not change at all the salaries of these employees.

Mr. BORAH. I do not understand this yet. Do I understand that this amount—whether we call it a bonus, or an increase of salary, or whatever it is called—is to cover an increase of salary?

Mr. McKELLAR. It covers increases of salary.

Mr. SMOOT. A part of it is to increase the salaries, and I will tell the Senator why; but the great bulk of it is to provide additional employees that are absolutely necessary.

Mr. OVERMAN. I deny that, Mr. President.

Mr. SMOOT. The Senator can deny it all he pleases. I say it is true.

Mr. OVERMAN. I am quoting the Secretary of the Treasury.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. SMOOT. I do.

Mr. McKELLAR. Let us clear this up by quoting just what Secretary Mellon says about it. It will take only a moment. He says:

The more I have looked into this question of the compensation in the customs service the more I have been impressed with the absolute necessity of relief. It is a highly technical service. It requires men of considerable education. They have to understand the laws and the regulations, and the amount of revenue collected depends very largely on their knowledge. The employment of incompetent men there may make a great deal of difference in the actual collection of the revenue. The salaries for a number of years have been very much below the salaries of similar occupations. They are about one-half of the salaries paid to people alongside who are doing work of a similar character, and the men have been looking forward to an increase and have been led to believe that there would be an increase. The consequence of all that is that the morale of the service is going down and has been going down for several years; and it is cumulative, and it has now reached a point where it is really serious.

So it is perfectly clear that this appropriation is intended for an increase of salaries, and at the same time we have passed a law providing for reclassification, which will take care of that very thing.

Mr. EDGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from New Jersey?

Mr. SMOOT. If the Senate will just let me state the facts in the case, I shall be glad to do it.

Mr. McKELLAR. Does not Mr. Mellon state the facts?

Mr. SMOOT. If the Senate will give me a chance, I will do it.

Mr. President, the appropriation act for the current fiscal year, ending June 30, 1924, carried an appropriation of \$12,100,000. The House in this bill increased that appropriation to \$13,680,140. That increase was for the increase of salaries. The House provided that. The Senate committee provides that there shall be an increase of employees in this service, because it is absolutely necessary.

Mr. OVERMAN. To the extent of \$2,500,000.

Mr. GLASS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Virginia?

Mr. SMOOT. I do.

Mr. GLASS. So that in the last analysis, then, one part of the appropriation is for the increase of employees and the other part, and perhaps the greater part, is for the increase of salaries?

Mr. SMOOT. Mr. President, the whole amount of the increase asked for was \$3,664,555. That was the amount of the increase that was asked for. The House gave \$1,580,140 increase for the increase of salaries. The Senate committee added to that.

Mr. OVERMAN. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from North Carolina?

Mr. SMOOT. Yes.

Mr. OVERMAN. How does the Senator know that?

Mr. SMOOT. I know it because of the fact that it was so stated before the committee.

Mr. OVERMAN. Before our committee?

Mr. SMOOT. Before the Appropriations Committee.

Mr. OVERMAN. I never heard any such statement.

Mr. SMOOT. The Senator was not present.

Mr. OVERMAN. Who stated it?

Mr. SMOOT. It was stated on the second visit of a man whose name I will give to the Senator in just a minute.

Mr. President, as I stated, the increase in the number of employees was 1,178, distributed through all of the offices in the United States.

Instead of giving them the full amount we said, "We will not give you the \$3,665,560, but we will give you \$2,500,000," as stated by the Senator. What do we find? We find that men enter this service at an entrance salary of \$1,000, whereas in

some of the other departments of the Government they are entering at \$1,400; and, mind you, the man who enters at \$1,400 has to pass an examination only as a second-class clerk, while in this service the beginners must pass as first class. Not only that, but men are entering this service who will have to value merchandise to the amount of millions of dollars, upon which duties are imposed, and no human being can tell what the United States Government is losing.

Mr. President, as I stated, it is a physical impossibility for the present force of employees of these offices to handle the merchandise which comes to them, and I am told that there are cases by the thousands going through the customhouse at New York which are never opened because of the fact that there are not enough employees there to attend to the business.

As far as the question of the appropriation is concerned, if I owned the Government, had the payment of all the expenses of the Government, and collected all of the revenues of the Government, I would do just exactly as the committee is doing, except that I would go farther.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. SMOOT. Yes; I yield.

Mr. McKELLAR. If that is the case, why did our very able Secretary of the Treasury fail to disclose that situation to the Budget, and why did our very excellent Director of the Budget fail to see the situation as the Senator sees it? Is it possible that the Secretary of the Treasury did not know until the last minute what the necessities of his department were? Is it possible that the Director of the Budget, whom the Senator and other Senators have so often commended here, knew nothing about the business of the customs service? Why is it there is not a recommendation from the Director of the Budget?

Mr. SMOOT. I am not speaking now for the Secretary of the Treasury or for General Lord, the Director of the Budget. All the Senator can possibly say of General Lord by way of commendation I indorse with all my heart. I do not know whether this was submitted to him in time for the estimate or not. It may have been, and it may not have been; but I do know this, that if the Government of the United States wants to collect what is due, particularly at this time, when goods from all over the world are coming into the country undervalued, we had better have some men who know something about the business, and we had better have employees enough so that when the goods enter this country they can be properly valued and the man who purchases the goods from abroad can put them into the channels of trade.

Mr. OVERMAN. Mr. President, if the Senator will yield to me, I understand that the Senator's argument is that the House appropriated \$1,800,000 for increases in salaries and the Senate committee recommended \$2,500,000 for an increase in the number of officials.

Mr. SMOOT. No—

Mr. GLASS. Mr. President, I think about the reverse of that is the fact. The House put on an item to increase the force, and our committee put on several million dollars for increases in pay. I do not want to be understood as opposing the increases in pay, because I am in favor of them. The testimony before the committee clearly indicated that the customs service was losing some of its most valuable men every day because they could not live on the salaries they were receiving, and they would go out and get other employment; but it is well to understand what the facts are.

Mr. SMOOT. Mr. President, the facts are these, that the Government of the United States is paying its employees in the customs service in New York \$1,000 a year, with a \$240 bonus, and the very men who work alongside of them at daily labor at the docks get 50 per cent more than they do.

Mr. COUZENS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Michigan?

Mr. SMOOT. I yield.

Mr. COUZENS. I want to say that I had occasion twice during the present fiscal year to pass through the New York customhouse, and I want to indorse everything the Senator from Utah has said about the conditions at the New York customs office. The most ridiculous piece of alleged economy ever heard of is the attempt to deny this appropriation. Not only have I observed the conditions there, but I know of the wages, and I know of the losses in appraisals because of lack of appropriations for more help, and also because of inability to get competent men to do the work.

Mr. SMOOT. I thank the Senator. I do not want to bring into this discussion any distinction between a white man and a colored man, but I want to say now that about the only man

we can get to enter for certain work in the customs service is the colored man. Is there any man who would follow this method if it were his own business? Some colored men are just as bright as white men for this service, and I only speak of it as existing. It is not because men are not interested in this work. Mr. President, whenever they enter this service they advance, through the education given them in the positions under their Government, until they become men of importance in the service.

I suppose most of the Senators here know Mr. Fix and Mr. Davis, and I could go on down the list. They were young men who entered the service at \$1,000, without any bonus. Are they still in the Government service? No; the Government does not pay that class of men half what they can get elsewhere, and we are losing them.

I want to say, Mr. President, that if something is not done, and done quickly, the whole service will go to pieces.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER (Mr. Jones of Washington in the chair). Does the Senator from Utah yield to the Senator from Nebraska?

Mr. SMOOT. I yield.

Mr. NORRIS. The only object I have in interrupting the Senator is to get information, for I want to be able to vote intelligently on this amendment. It is stated by the Senator that a certain amount of the appropriation is to be used to increase salaries and that a certain other amount is to be used to increase the force; but there is nothing in the language of the bill which indicates that.

Mr. SMOOT. No, Mr. President; I suppose we could not show that. This is a general appropriation.

Mr. NORRIS. I know it is; but does the law limit the number of employees?

Mr. SMOOT. No; it does not. The appropriation limits the number of employees.

Mr. NORRIS. There is no limit stated here.

Mr. SMOOT. But the amount limits the number.

Mr. NORRIS. I understand that; but there is nothing in this language in the bill which would prohibit the person in charge from using it all for increases in salaries or using it all for increasing the force. It seems to me, therefore, it is not an intelligent way of legislating. We ought to designate how much the force should be increased and how much of the appropriation could be used in increases in salaries.

Mr. GLASS. If I may interrupt, I will say to the Senator that the Secretary of the Treasury presented a detailed statement to the committee showing just what increases of force the service required, and at what points, all the way through; but very much the greater part of this amount, it may as well be stated plainly, is for increases of salaries.

Mr. NORRIS. That is all edifying and gives me what I want to know; but, at the same time, that provision does not go into the law. I do not understand why we should not stipulate in the appropriation act itself the increases in the number of employees and the increases in salaries.

Mr. SMOOT. Just as soon as the field service is classified and the allocations made under the classification law, then the appropriations will be made in the way the Senator suggests. The appropriation has always been made in this way in the past.

Mr. NORRIS. When a person comes to enforce this law, he will look at the law and he will not be bound by what the Secretary of the Treasury said before the committee. The present Secretary of the Treasury may be out of office and some other man may be in that office who may have a different idea from that of the one who is there now.

Mr. GLASS. It is a lump-sum appropriation, to be paid out by the Secretary of the Treasury.

Mr. SMOOT. I will say to the Senator that the only law found on the statute books affecting the salaries of these employees is what is known as the Calder law, and the Calder law authorizes increases in salaries, but in no case to exceed 30 per cent. I have a copy of the law here.

Mr. NORRIS. That would not rectify what I think is a wrong method of legislating.

Mr. SMOOT. It would not answer the Senator's question; but, as I said, just as soon as the reclassification is made in the field service the appropriations will be made for so many clerks in grade 1, 2, 3, 4, 5, or 6, in class 1, 2, 3, 4, or 5, or whatever the case may be.

Mr. NORRIS. That provision ought to be in this bill, it seems to me.

Mr. SMOOT. That will be put into the law just as soon as the reclassification is made.

Mr. WADSWORTH. Mr. President, I want to present to the Senate certain aspects of this situation which have not yet been laid before it in any detail, because I have come to believe that the situation in our customhouses has reached the stage where we are facing a very grave danger. I have looked into this matter with the help of the collector of the port of New York, a gentleman whom I know intimately, and in whom I have entire confidence. He has a level, businesslike head on his shoulders, and when he describes the situation he knows what he is talking about.

I have had furnished to me a copy of a special report made by two officials of the Treasury Department, a Mr. Emmett S. Kyte, special agent, and Mr. Joseph W. Wheatley, a customs agent at large, who made an exhaustive investigation of the conditions in the customhouse. That report is long, and I shall attempt to read but a very small portion of it. I will pick out portions here and there, and endeavor to portray the situation which exists there.

As Senators know, these men start in in the customs service at \$1,000 a year, plus the bonus of \$240, which makes a total of \$1,240. They start in at a lower salary than is paid employees in any other department of the Government; \$1,400 being the minimum in other departments, such as the Post Office Department, for similar work.

Mr. NORRIS. May I interrupt the Senator?

Mr. WADSWORTH. Certainly.

Mr. NORRIS. Why is that so?

Mr. WADSWORTH. Because the law was never amended, until the passage of the Calder bill last year. That bill authorized the Secretary of the Treasury to lift the limit of pay for laborers and others in the lower classifications; but no appropriation was made to permit the lifting of the limit, so they are drawing to-day just what they have drawn for a generation.

Mr. NORRIS. Is the law applying to the Treasury Department different from the law applying to other departments?

Mr. WADSWORTH. The law puts a maximum limit on the salaries the employees shall receive.

Mr. NORRIS. What I am asking about in particular is this: I do not quite understand why the beginner is compelled to start in the customs service at \$1,000 a year, whereas in every other department he starts in at \$1,400.

Mr. WADSWORTH. The law does it. Just now it is lack of appropriations that prevents the beginner from getting any more.

Mr. NORRIS. I can not see how the lack of appropriation would affect the law. If we have a different law about a beginner in the Treasury Department from the law applying to the beginner in the Interior Department, we ought to rectify that.

Mr. WADSWORTH. As I said a moment ago, prior to the passage of the Calder bill last year, the Secretary of the Treasury was limited to a certain designated maximum in fixing the salaries of those in the lower grades in the customs service. The Calder bill authorized the Secretary of the Treasury to lift that maximum fixed figure not to exceed 30 per cent.

Mr. WARREN. Will the Senator allow me to say that the Calder law passed on the 4th day of March, weeks after the appropriation bills had passed?

Mr. WADSWORTH. Yes. No appropriation has ever been made to meet the spirit and intent of the Calder law, so the men are still subject in effect to the old limitation.

Mr. NORRIS. Let me ask the Senator another question. Do the appraisers, whose salaries this particular item covers, necessarily have to be of the lower grade?

Mr. WADSWORTH. They have to start at the bottom as laborers and clerks and move up through the channel of promotion to higher salaries as assistant appraisers, appraisers, inspectors, and various other positions. It is a professional, technical service requiring experience and skill and, most of all, character.

Mr. SMOOT. In other words, I will say to the Senator, there are 3,339 employees that fall within the salary grade of \$1,200 and below.

Mr. WADSWORTH. Let me quote portions of this report.

Mr. McKELLAR. Oh, Mr. President—

Mr. WADSWORTH. I have not yielded. I ask permission to do this in such fashion as that the facts will come out in sequence.

The man who sweeps the street in front of the customhouse is paid \$5 per day.

The customhouse employee with his bonus gets about \$4 a day, and with usual overtime and double-time the man who

sweeps the street gets \$42 a week. The customhouse employee will make about \$24 a week.

The casual laborer, recruited mainly from the floating population, for emergency work like snow removal, is paid at the same rate.

The longshoremen who work alongside the customs laborers, with similar tasks—

That is, handling packing boxes, shifting them about, opening them, showing them to appraisers who come along and examine the goods, and then packing them up and shoving them about, along with the longshoremen employed by the steamship companies—

draw 80 cents an hour and \$1.20 per hour overtime.

Eighty cents an hour for an 8-hour day is \$6.40 a day, or \$2.40 more than the Government employees working right alongside of him in overalls and doing the same work receive. I shall not go into the other classes of employees in the city of New York. Here is what the men say about conditions in the service to-day:

Many men, with initiative, courage, and ability have regretfully left the customs service for employment more justly compensated and more plentiful in opportunity for advancement. Each loss of this character was an economic waste to the Government, as time and money must both be expended to fit each successor with a special knowledge essential to the conduct of operations in the customs. Promotions to do this are progressively made through the service, leaving eventually a minor vacancy to be filled, and at this point a deplorable situation exists. The present entrance salary in the customhouse is \$1,000. The most that can be offered by resort to any expedient is \$1,240.

Now listen to this:

In view of the wages and salaries paid in industrial and commercial pursuits this does not attract the caliber of men the customs service requires. The eligible list of the civil service from which certifications are made for employment in the customs produces mainly individuals of alien races with small knowledge of English, and others who are deficient in mental, moral, and physical qualities, which make them inadaptable to customs work. In some of the divisions the executives have grown weary of attempting to fill vacancies because of the character of eligibles willing to accept employment, and, though their personnel is below normal and their work in arrears, they go along as best they can. In some of them eligibles are accepted who are known to be deficient because none better are obtainable. To meet the "peak" stresses in the work of the various divisions temporary transfers from division to division are resorted to, each to the detriment of the specialized work from which employees are taken. The liquidating division in particular is complaining of the numerous details of liquidators to other work while that of the liquidating division is far behind.

Now, listen with care to this:

The importing public has long known of this situation, and it is a safe assumption that the dishonest importers are taking advantage of it to the great loss of the revenue. We are convinced that at this one point the Government is losing in revenue a sum of money largely in excess of any that would be required to restore the service to a normal basis.

With the steady and continuous loss of efficient, honorable, and self-respecting employees, and the absorption into the service of incapable and subnormal individuals, the customs service is withering in its branches and rotting at its roots.

If there is to be a protest against this increase in the appropriation, let it be done in the face of this official report by the two investigators sent to New York to examine into the situation. If the Senate wants this service to rot at its roots, let it deny this increase, for that is what is going on. The report continues:

This condition of decadence is a serious menace not only to governmental interests but to private interests dependent upon the integrity of the customs administration.

I am going to read just a portion of the testimony given before the Committee on Appropriations by a Mr. Levett, representing the Merchants' Association of New York. He said the Merchants' Association had received many, many letters from both importers and exporters in the city. As a result the Merchants' Association made an investigation of its own. They went through the customhouse and on the piers where the packing boxes are handled. He makes this observation:

I might instance one matter that came right before us, where we saw the examiner at work, the appraisers' assistant, and I said to him—and I might say that at that time I had a representative from General Lord's office with me—I said, "I suppose you verify that case?" He had a sense of humor, and he said:

"Sure. This is a case of hosiery. You see the box measures 3 feet by 2 feet by 4 feet, and those little boxes inside are 4 inches by 6 inches by 1 inch. All I have to do is to calculate the number of inches in the boxes and count them, and if the case is full it verifies the invoice, and I have verified the case."

And he had not looked at a piece of hosiery!

That went on right under the eyes of the representatives of the New York Merchant's Association. Why was it so? The man did not have time to do the work. There are not enough of them.

We went into another office, where we saw an examiner with a pile of invoices 13 or 14 inches high. I said, "What are those?" He said:

"Those are things we ought to look into. We are somewhat suspicious as to the correctness of them. But I have made up my mind we will have to push them along. We have not time."

That is the kind of supervision to which the imports of our country are subjected when they reach the customhouse or piers in the city of New York. Everybody knows that knows anything at all that that kind of supervision or lack of it means the loss of millions of dollars and is an open invitation to corruption.

Now, let us see whether the service is being operated economically. I have here the figures of the imports and exports from the port of New York, the number of vessels, the cost of collection, and the number of employees, tabulated from 1914 to 1923, inclusive. Let us see how the business has grown and see how the service has shrunk at the same time. In 1914 the value of the imports was \$1,029,600,000. The number of employees in 1914—and this may be interesting to the Senator from Tennessee [Mr. McKellar], because I want to paint this picture to him as it actually exists—the number of employees in the New York customs service in 1914 was 3,186. To-day there are 2,864; that is, 200 less than there were 10 years ago. The business in imports, however, has increased from \$1,029,000,000 to \$1,770,000,000. It has increased in value of imports about 75 per cent. The number of employees has decreased in that period. The cost of collection back in 1914 was \$0.0227. The cost of collection in 1923 was \$0.0165. The cost of collection in 1923 is by far lower than any year since 1914. The cost of collection has gone up to as high as 4 cents in 1918 and 1919. It is down to 1½ cents now. So that no charge of extravagance can be made. It is the lowest cost of collection in the history of the customhouse. It has fewer employees than it had 10 years ago. The business has increased 80 per cent in the value of imports alone.

Mr. LODGE. Mr. President, the Senator is referring to New York?

Mr. WADSWORTH. Yes.

Mr. LODGE. If he will pardon me for saying just one word, those figures are substantially the same as the reductions in the Boston customhouse.

Mr. WADSWORTH. Yes; they have been reduced everywhere.

Mr. LODGE. They have been brought away down. There has been no increase, as the Senator knows, for many years.

Mr. WADSWORTH. Not since away back in the early seventies. These men are still straining along under that old pay.

Mr. LODGE. They are miserably paid, and the amendment ought to be agreed to.

Mr. WADSWORTH. Every Senator knows that since 1914 the cost of living has increased 66 per cent. The Bureau of Labor Statistics, in the Department of Labor, produces those figures for us in reliable form, and yet apparently there are Senators here who will say not one more penny shall be paid to these men, and are fighting any increase. My contention is that if we are to treat these men decently—

Mr. OVERMAN. Oh, the Senator must not misrepresent those of us who are fighting the increase. We vote for the \$1,800,000 increase.

Mr. WADSWORTH. And there should be more employees.

Mr. OVERMAN. I do not think so. But the Senator said we did not want to pay them one more penny. I do, and voted for it.

Mr. WADSWORTH. I am glad the Senator thinks so, but judging from the general tenor of the observations made apparently the item is attacked in its entirety.

Mr. COPELAND. Mr. President, has my colleague called attention to the difficulty in getting new employees?

Mr. WADSWORTH. Yes; I read from this report that they can not get people except those who speak broken English. I myself have seen the eligible list furnished to the clerk of the

port at New York, and it looks like a roll call of the army of the Soviet Republic.

Mr. COPELAND. My experience in the administrative department of New York is that it is because of the low basis of beginners' salaries. It is most important to start in the service men who are going to be qualified when they reach their promotion. To my mind it is very important that provision

be made for ample salary at the start, so that we can have the right kind of employees in the department.

Mr. WADSWORTH. I ask to have inserted in the RECORD the tabulation from which I quoted a few figures.

The PRESIDING OFFICER. Without objection it will be printed in the RECORD.

The tabulation is as follows:

Comparative statement of transactions at port of New York.

Fiscal year.	Vessels entered and cleared.	Documents issued to vessels.	Entries of merchandise.	Value of imports.	Value of exports.	Total receipts.	Drawbacks paid.	Protests filed.	Number employed.	Cost to collect.
1914.....	14,616	4,124	978,465	\$1,029,606,089	\$861,852,009	\$202,413,979	\$2,316,548	65,156	3,186	\$0.0227
1915.....	15,589	5,466	630,532	929,642,470	1,196,548,905	148,536,426	6,542,461	52,466	3,007	.0295
1916.....	16,594	4,522	509,443	1,181,704,616	2,343,521,601	162,550,487	12,234,713	36,572	2,937	.0285
1917.....	16,330	4,803	465,670	1,324,834,411	3,050,125,492	155,452,294	14,419,641	33,804	2,876	.0883
1918.....	14,427	4,647	430,422	1,257,839,780	2,708,959,121	116,004,722	8,223,828	11,122	2,833	.0406
1919.....	15,883	4,610	385,158	1,413,292,265	3,207,995,712	117,549,209	4,530,079	6,084	3,014	.0406
1920.....	14,590	4,826	683,794	2,887,664,147	3,832,885,096	229,325,368	12,635,414	13,599	2,578	.0224
1921.....	15,721	4,854	867,181	1,905,748,507	2,534,150,263	209,885,555	8,662,119	13,122	2,645	.024
1922.....	15,694	5,055	943,832	1,348,691,201	1,313,437,505	220,548,756	21,065,217	21,993	2,651	.022
1923.....	18,320	5,316	1,081,847	1,750,238,680	1,424,789,554	319,717,546	14,575,266	28,137	2,894	.0165
1923 ¹	18,459	5,213	1,119,601	1,807,025,874	1,524,849,767	331,930,230	8,779,531	42,572	2,953	.0171

¹ Increase 282 searchers.

² Increase of 89 in average number of employees is occasioned by change in status of 51 extra or temporary laborers to permanent, and the addition of 48 employees in the four principal offices, 39 being openers and packers in the appraiser's department.

³ Transactions for calendar year ended Dec. 31, 1923.

Mr. McKELLAR. Mr. President, of course, the Members of the Senate know that I am very heartily in favor of fair and just compensation for all employees of the Government. My uniform course here has been to vote in favor of increases whenever and wherever they were right and proper. In taking the position I have about this item to-day I have not changed that course in the slightest. It is a question of how it should be done, and the facts are so plain that I do not see how the amendment can be successfully defended. It may be that the salaries of those employees are too small. I am quite convinced that that is so, but the first thing I want to say about that is that we have already provided for that very thing in the reclassification act.

Mr. WADSWORTH. Mr. President, will the Senator yield at that point?

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from New York?

Mr. McKELLAR. I yield.

Mr. WADSWORTH. The reclassification act will not increase salaries until it goes into effect. Then it operates automatically, and the money now proposed to be given by way of increase in a lump sum then becomes applicable to the new set-up; that is all.

Mr. McKELLAR. I understand that.

Mr. WADSWORTH. We would not be twice raising the salaries.

Mr. McKELLAR. I wish to submit the very highest authority, as it seems to me, on such matters in this body. For now more than seven years I have served in the Senate with the distinguished Senator from Wyoming [Mr. WARREN], who has been here longer than has any of us. He is one of the most competent and efficient Senators of whom I know. He understands the workings of the Government in all of its departments as well as does any man in the Senate. In taking the position I am taking in reference to the reclassification act, and the increase of salaries proposed by it, I am taking precisely the same position which was taken in the committee by the distinguished chairman of the committee. I will read from page 161 of the record of the committee hearings what the chairman of the committee then said.

The CHAIRMAN. Mr. Secretary—

The chairman of the committee was addressing the Secretary of the Treasury—

The CHAIRMAN. Mr. Secretary, there is one feature that perhaps I ought not to mention, and yet I will. The classification that is now under way intends in its provisions to cut down nobody's salary, and to pay the salaries that the employees are receiving now or more. If a 30 per cent raise of salary or a 50 per cent raise of salary is made right down through, say, in the Treasury, the question will come up later in the classification, if they are not classified in the meantime, as to just where those will go; so that care ought to be taken, if we raise these salaries, to see that they do not exceed the amount that may be fixed under the most liberal terms of classification, or we will have trouble with every department of the Government. You realize what would happen if you undertook to

raise salaries 30 per cent or 50 per cent right through, and we consented to it, and then adopted the classification for all the other departments. I agree with you that the salaries probably are too low.

Mr. WADSWORTH rose.

Mr. McKELLAR. Just one moment. That is precisely what I have stated here. The reclassification act will take effect in all human probability by the 1st of July next, when the pending bill will go into effect; and yet we are taking a recommendation which comes from the Treasury Department without the backing of the Budget Bureau, instead of first considering the effect of the classification act.

I say that to adopt a provision of this kind, permitting a lump-sum appropriation—

Mr. WARREN rose.

Mr. McKELLAR. Just one moment—which will increase salaries on an average of 30 per cent—

Mr. WADSWORTH. Oh, no.

Mr. McKELLAR. I will give the percentages to the Senator in a moment. To increase the salaries by from 10 to 40 per cent, or an average of about 30 per cent, would be unwise legislation. I do not believe in lump-sum appropriations anyway. It is bad legislation whenever we indulge in it. It is a willful waste of the people's money in many instances.

Mr. WARREN. Mr. President—

Mr. McKELLAR. I will pause to yield to the chairman of the committee, if he desires me to do so.

Mr. WARREN. Mr. President, the Senator from Tennessee is correct in his quotation from my statement in the committee. As to the classification law, in the first place it will not become effective until the 1st day of July next. It covers employees in the District of Columbia only, because the classifications as to those employees have been made. It is different, however, with employees in the field service and the employees in the customs service, including the service at San Francisco, Seattle, Boston, and other cities, who are covered by this appropriation. They are all in the same category, in a way. The classification act can not operate so as to become effective during the next fiscal year as to the field-service men. The consequence is that the only relief which may be afforded to them will be through the understanding which we have already had, namely, that they shall have a bonus after the 1st of July.

Now comes this particular case, which in New York and perhaps in the other cities is somewhat problematical, and is different from the others, because those employees are still receiving the salaries which they received back probably 100 years ago plus the bonus only; so that one, for instance, whose basic salary is \$900 receives \$1,140. Such an employee would have to suffer from now until some time probably 18 months from now before he would be able to secure the advantages of the classification which would then be in force. In the meantime here is a law which was passed on the 4th day of last March giving the employees the right to an increase of salary, except as to laborers, not exceeding 30 per cent of the wages that they have been receiving. That gave us the law governing the matter.

Then, what the Senator from Tennessee has read—and I thank him for his kindly compliments addressed to me, and appreciate them very much—

Mr. McKELLAR. They are deserved or I would not have paid them.

Mr. WARREN. We put the department on their guard, advising them that they must not increase the salaries of any of these men more than 30 per cent, and, probably, not so much; otherwise it would be necessary to go back and decrease salaries, and to decrease a man's salary after a year would disrupt his business very much more than it would to pay too small a salary in the meantime.

Mr. WADSWORTH. That is, as I understand the Senator from Wyoming, in the event that the classification act should provide salaries somewhat lower than those allowed under this temporary increase?

Mr. WARREN. Yes. I gave them notice, and in a sotto voce conversation, after some of them had left the room, I stated that that danger was one as to which the committee trusted to their honor to see that they did not go beyond the amount proposed by the classification act. I then turned to the Senator from Utah [Mr. Smoot], who was present, and who was a member of the committee which reported the classification measure, and, as I understood, he indorsed what I had said.

Mr. McKELLAR. I was just going to quote from the record of hearings before the committee to show that the Senator from Utah [Mr. Smoot] took exactly the opposite position when the hearings were held which he now takes before the Senate.

Mr. SMOOT. Mr. President—

Mr. McKELLAR. I will read what the Senator from Utah said.

Mr. SMOOT. I desire that the Senator shall do it now, because I have not taken the position which he suggests.

Mr. McKELLAR. I will read what the Senator said and let him see.

Mr. SMOOT. I will explain it.

Mr. McKELLAR. I read now—

Mr. WARREN. I was about to read what the Senator from Utah stated, because, as I understand, the Senator from Utah indorses what I have said.

Mr. McKELLAR. Let me read what the Senator from Utah said. The Senator from Wyoming had argued that the reclassification act was to go into effect and that the adoption of this amendment would bring about an unequal adjustment of salaries. Here is what the Senator from Utah said about it:

And just as Senator WARREN says, if you now arbitrarily raise a salary, we will say, 50 per cent, and that 50 per cent is higher than the classification bill will allow the employee to receive after it is in force, then you will have trouble with the employees.

Mr. SMOOT. There certainly would be trouble with the employees.

Mr. McKELLAR. I can imagine the Senator from Utah taking issue with the Secretary of the Treasury, saying, "It will not do for us to do that; we must follow the reclassification act, which is intended to put all employees on an equal, fair, and just basis, and we ought not to pass this kind of legislation for one bureau of your department."

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Utah?

Mr. McKELLAR. I am delighted to yield to my friend from Utah.

Mr. SMOOT. Mr. President, my statement was, as the Senator has quoted:

And just as Senator WARREN says, if you now arbitrarily raise a salary, we will say, 50 per cent, and that 50 per cent is higher than the classification bill will allow the employee to receive after it is in force, then you will have trouble with the employees.

There is not any doubt about that.

Mr. McKELLAR. Not a particle; and that is why we ought not to adopt this amendment.

Mr. SMOOT. There was not a solitary word spoken to indicate that there was going to be a 50 per cent increase. I merely wished to emphasize in an exaggerated way what the Senator from Wyoming had said, so as to demonstrate beyond question that those who were to raise the salaries were not to raise them above what the classification act would provide.

I will say to the Senator that when the classification is made and the allocation is brought about under the act there will not be one of the employees whose entrance salary falls under

\$1,000 but whose salary will be increased beyond the salary which will be provided for in this appropriation.

Mr. McKELLAR. Then, why not leave it to the classification act? There ought not to be unequal increases at this time out of a lump-sum appropriation which gives to the department carte blanche to increase the salary of this man and leave the other man without an increase or to increase the salary of one woman and leave another woman without an increase. What we ought to do is to have uniform salaries for all the employees of the Government doing similar work.

Mr. SMOOT. Mr. President, the proposed increases in the salaries of customs employees are given in a list in the House hearings.

Mr. McKELLAR. They are in the Senate hearings also.

Mr. SMOOT. I believe I did have them put in the Senate hearings.

Mr. McKELLAR. Now, let me make a further suggestion. Much has been said about salaries. Let us see whether the salaries of the customs service employees are so unequal and inadequate and so different from salaries of other employees of the Government. The Secretary gave the salaries as they are now, and from his statement it appears that there are 249 who get from \$301 to \$999—I suppose those are largely charwomen and others who work only part time—there are 844 who get from \$1,000 to \$1,199—and, of course, all these figures are with the bonus—there are 1,292 that get from \$1,200 to \$1,399; there are 1,203 who get from \$1,400 to \$1,599; there are 805 who get from \$1,600 to \$1,799; there are 789 who get from \$1,800 to \$1,999; there are 760 who get from \$2,000 to \$2,199; there are 170 who get from \$2,200 to \$2,399; there are 313 who get from \$2,400 to \$2,599; there are 23 who get from \$2,600 to \$2,799; there are 38 who get from \$2,800 to \$2,999; there are 93 who get from \$3,000 to \$3,199; there are 36 who get from \$3,200 to \$3,399; there are 49 who get from \$3,400 to \$3,599; there are 29 who get from \$3,600 to \$3,799; there is one in the class drawing a salary of from \$3,800 to \$3,999; there are 26 who get from \$4,000 to \$4,199; there are 16 who get from \$4,200 to \$4,399; and there are 18 who get from \$4,400 up.

Now, what are the percentages of proposed increases in those various grades? In the first grade the increase is 40 per cent, in the second it is 40 per cent, in the third and fourth classes it is 35 per cent, in the fifth class it is 30 per cent, in the sixth class it is 30 per cent, in the seventh class it is 27 per cent, in the eighth class it is 25 per cent, in the ninth class it is 25 per cent, in the tenth class it is 20 per cent, in the eleventh class it is 20 per cent, in the twelfth class it is 15 per cent, in the thirteenth and fourteenth classes it is 15 per cent, in the last five classes it is 10 per cent. So that the average increase is considerably over 30 per cent and the total increase is \$3,319,075.

Mr. President, if we are going to increase the salaries of these employees under a lump-sum appropriation, if we are going merely to single out from all the clerks and the employees of the Government these particular employees and give them a lump-sum increase of over \$3,000,000, will that be fair to the other clerks of the Government, especially when Congress has already passed a reclassification act that will go into effect presumably on the 1st day of July of this year? Why not leave it to that reclassification act? It ought to be left to that act.

Then, there is another matter. Senators know that I did not vote for the Budget act. I think the Budget Bureau is a useless piece of machinery. I have never seen a better illustration of its being a completely useless piece of machinery than the present amendment. Here we have a Director of the Budget, and we have a Secretary of the Treasury, and he went before the Director of the Budget, and the Director of the Budget fixed the compensation and salaries of these employees. The matter went to the House, and the bill was passed according to the Budget's estimate; but when the bill came to the Senate, what did the Senate committee do? They said, "Can you not go and get the approval of the Director of the Budget for this increase?" That is the law. That is what the Republican Party has stood for. We have told the people of the United States that we have an efficient administration. We have told them that we have a Budget system that saves the country millions of dollars a year. We ought to stand by it. The committee, however, said: "Mr. Secretary, you must get an approval by the Budget of this increase and have it sent down here." He said yes; he realized that it was not proper to bring it up without the approval of the Budget, and said: "I will get the approval of the Budget. The Director of the Budget will come down and give you a revised estimate, including this item of over \$2,000,000"; but did he do it? No. Evidently the Director of the Budget had an eye single to his duty, and he de-

clined to come before the committee or to give an additional estimate, and this appropriation is made by the committee without the approval of the Director of the Budget; and, in fact, in defiance of the recommendation of the Director of the Budget.

Mr. WARREN. Mr. President, may I interrupt the Senator for just a moment?

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Wyoming?

Mr. McKELLAR. Surely.

Mr. WARREN. At the time the Senator is speaking of the Director of the Budget was out of town. He was out of town for several days; so I imagine that the Secretary of the Treasury did not have an opportunity to communicate with him in time for him to get up here before the committee concluded its consideration of the bill.

Mr. McKELLAR. Surely, however, he is not the only one connected with that great office who could have done this. He has his assistants. He has an assistant director. There is no reason in the world why the Budget Bureau could not have come here by one of its officers and approved this increase, if it was sound. You Republicans are swearing by the Budget, but whenever you want to increase an appropriation you disregard the Director of the Budget.

I agree with what the Senator from Wyoming [Mr. WARREN] said about the present Director of the Budget. He is an honest, conscientious, fair-minded man, trying to do his duty. You Republicans, who put him in his place, ought to stand by him. I am not under obligations to stand by him, one way or another. I voted against the Budget system.

Mr. FESS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Ohio?

Mr. McKELLAR. Surely.

Mr. FESS. I appreciate what the Senator is saying from almost every angle from which he has spoken—

Mr. McKELLAR. I am glad the Senator does.

Mr. FESS. But I want to ask the Senator whether he does not agree that there can not be a uniform scale of salary which will work equitably all over the country, making the compensation in all the localities just the same?

Mr. McKELLAR. Why, of course I do. That is why I voted for the reclassification bill, by which we established a Reclassification Commission and directed that commission to take into consideration all the facts and circumstances, to get all the facts before it, and to report upon a fair and a just classification of the employees of the Government, taking all these facts into consideration, and not permitting them to be paid in a haphazard manner, such as is provided in this bill. If the Senator believes in the reclassification act—I believe he voted for it; and if so, I am sure he believes in it—he ought to stand by it. If it was good enough to be voted for, it is good enough to stand by. We ought not to violate it before it is put into effect.

Mr. FESS. If the Senator will permit me, I do not mean to have it understood that I am supporting the amendment.

Mr. McKELLAR. I hope the Senator will not support it.

Mr. FESS. I mean simply to say that it is more difficult to live in one city than in other cities, and consequently I recognize that one customhouse in which I was not long ago is very much crippled because it has not efficient men. It can get the men, but it can not get the proper type of men. It seems to me that a fact we ought to take into consideration is the difference in the requirements of various localities.

Mr. McKELLAR. Does not the Senator know that the Director of the Budget, as the law commands him to do, has looked into all these things and has made a report on the matter; and does not the Senator feel that having done so, and having declined to make this recommendation, we ought to stand by him; and especially ought we not to stand by him when there can not be any injustice done, because the reclassification will take place in the summer time, when this bill will go into effect, and whatever salaries may be fixed upon or may have been fixed upon already as just and fair salaries for this class of employees will be paid them and ought to be paid them? I am in favor of paying them a fair wage.

Mr. FESS. If the Senator will permit me, I will state to him that I have always stood by the recommendation of the Director of the Budget except when I wanted to reduce the estimate.

Mr. McKELLAR. This is to increase it by over \$2,000,000.

Mr. FESS. I do not now recall having voted at any time to increase the appropriation over the recommendation of the director, but I did vote several times to reduce the appropriation.

Mr. McKELLAR. I will say to the Senator that if he sits here while these appropriation bills are being handled he will

hear the Director of the Budget overruled more times probably than he can count. We overrule him whenever we want an appropriation. Last year—not, perhaps, when this bill was being considered, but when some other appropriation bill was being considered—I asked the Senator from Utah [Mr. Smoot] time and again, "Does not that overrule your Director of the Budget?" He replied, "Yes"; and it is in the Record. My recollection is that there were some 65 occasions in a very short space of time when the Director of the Budget had been overruled and an increase in the appropriation made.

Mind you, I never have been in favor of turning over to the Director of the Budget the right to legislate on the question of salaries. I was opposed to it. I believe it is an incubus, and I believe it is not the way to legislate. It just gives the heads of departments and the heads of bureaus another avenue to get greater appropriations, according to my judgment, because they first go to the Director of the Budget and get everything possible out of him, and if they do not get all they want they then go to the Appropriations Committee of the House and get everything in the world they can get there, and what they can not get there they come to the Appropriations Committee of the Senate for; and both the House committee and the Senate committee, I am sorry to say, overrule the Director of the Budget.

Mr. President, this is unwise legislation. It is unnecessary legislation. There is no reason in the world why these employees, just like all the other employees of the Government, can not wait until the reclassification act takes effect. I want to say in this connection that the chairman of the committee, as I read his language, and the Senator from Utah [Mr. Smoot], as I read his language, had exactly the same view about it when the testimony was taken. They suggested that view to the Secretary of the Treasury, and since that time for some reason it has been changed.

Mr. President, the increased appropriation ought not to be made. The amendment ought to be defeated.

Mr. EDGE. Mr. President, I desire to speak very briefly on the pending amendment.

I happen to represent, in part, a State the limits of which are in close proximity to two of the large customhouses of the country; that is, those located at the port of New York and the port of Philadelphia. While I am not prepared to defend entirely the system through which we are attempting to secure this needed relief—there may be some weaknesses in it, and I believe there are—we are facing facts and not dealing with theories.

I did not have the opportunity of being in the Chamber when the Senator from New York [Mr. Wadsworth] was speaking, and I hope I will not repeat his argument. I believe he outlined the fact that at the present time, when civil-service examinations are called for in order to fill vacancies existing in these two great offices—and I do not doubt that the same condition prevails in other ports, because practically all ports are necessarily located near large producing centers—it is impossible to get men to take the examination in sufficient numbers to fill the vacancies; and when, through unusual efforts, they succeed in getting them to go before the commission, and they in turn succeed in receiving marks sufficient to qualify, they last only a very short time in the service. They recognize immediately, by their contact with men in private service working by their sides, as it were, that the inequality of the salaries is such that they simply can not be retained in the service.

I very much prefer the system of raising salaries through classification, or through a definite bill such as has been provided for the postal employees. As I said at the outset, however, this is a condition and not a theory. We are facing, I hope, a year of big imports, and a great volume of merchandise is now lying at the port of Philadelphia and the port of New York without sufficient help to take care of it. Business men are appealing to the Senators from those States, at least—perhaps the Senators from interior States do not hear so much about it—for some relief so that they can get their imports from the customhouse, and we are undoubtedly losing hundreds of thousands of dollars in income, and the business interests of the country likewise are losing a great deal of money.

The Congress has already gone on record as indorsing an increase in salaries in this department. The Calder Act provided, as I recall, for a 30 per cent increase. I agree that that is not the wisest type of legislation. As I said a moment ago, I think increases should be provided by definite classifications, although usually private business does not adopt that method. I have every confidence, and I am sure every other Senator has, that the Secretary of the Treasury will use whatever increase is allowed by Congress in such a way

that it will improve the service. Why, in the name of Heaven, would he use it for any other purpose?

When we recognize that to-day the entering salary of a clerk in the customhouse is \$1,000, and that if the appropriation would permit the maximum increase permitted by law of 30 per cent it would allow an increase of only \$300, which would mean a salary of \$1,300, certainly no one can claim that such a salary is a high salary in these days. As a matter of fact, as I understand from computation, the amount provided by the amendment will allow an increase of only approximately 20 per cent, so that the 30 per cent would not be provided under the appropriation in any event.

The Senator from Tennessee [Mr. McKellar] suggested, in answer to a question of the Senator from Ohio [Mr. Fess], that he agreed at least that it was almost impossible to provide a code of salaries which would be relatively proper for different sections of the country. As the chairman of the Joint Committee on Post Offices and Post Roads, which is now considering prospective salary increases throughout the country, or bills providing for them, at least, no fact has become more apparent to me than that fact. It is absolutely impossible to provide proper compensation by giving to a Government employee in the city of New York the same salary that is given to a Government employee in some other section of the country.

I think this is a matter in which we must reach a solution which will to some extent remove the present inequalities. It is all very well to talk about the classification act; I believe it is undoubtedly a step in the right direction; but a classification act has not yet been presented to provide for the force outside of the District of Columbia, and from all the information we can get it is entirely uncertain when it will be ready. In the meantime, we are facing this situation.

When it is provided, if it is founded on any fair consideration of expenses and of Government salaries as compared with other salaries, it must provide for a remuneration along the lines made possible by the amendment we are now considering. The only point in adopting the amendment is to make sure that we provide for somewhere near a fair salary, which will be provided anyhow when the classification act is finally presented and adopted, so that it can apply to the field force.

While this situation can be attacked on questions of Budget procedure, as I recognize, and may possibly be subject to points of order to be decided by the Chair, on the question of not being estimated for or on some other ground under our rules, when we are facing a situation such as has been laid before us we must meet the situation as it is. I will read only one paragraph from the report of the hearings before the committee. Mr. Freed, the representative of the Treasury Department, stated that—

We have this situation right in New York in our weighers' department: We have weighers' laborers that are employed by the Government getting \$840 a year and the bonus of \$240, which makes their pay a little less than \$3 a day. Working right alongside of them are laborers employed by the contracting weighers who are getting between \$5 and \$6 a day. The result is that every time a contracting weigher has a vacancy he takes one of our best weighers, and we have to take on a new man who does not know anything about the game, and a poor man at that, because all the good laborers are working for private concerns. We have a lot of broken-down laborers working for us.

How could the result be any different than is laid out by the representative of the Treasury Department?

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Utah?

Mr. EDGE. I yield.

Mr. KING. The Senator from New Jersey, as I understand his observations, is appealing for an increase in the compensation to be allowed to employees in the customs service, particularly in the city of New York.

Mr. EDGE. Not particularly in any city, Mr. President, but covering the entire service.

Mr. KING. And is also making an appeal for an increase in the salaries of substantially all the employees of the Government. Does the Senator appreciate the fact that in the States and under the Federal Government we have materially increased the compensation of the employees during the past three years, and that now about 6½ per cent of all the earnings of the people of the United States are required to pay the compensation of those who hold public office, and that approximately 17 per cent of all the earnings of all the people of the United States are required to meet the taxes which annually are levied against the people of the United States?

Does the Senator appreciate the fact that the farmers of the United States—and there are more engaged in agriculture

than in any other occupation—earn on an average less than \$500 per annum; that in private life there are millions of clerks, stenographers, and various other employees whose earnings are from \$50 to \$75 and \$100 a month? Does the Senator appreciate the fact that for most vacancies in the Government service there are large numbers of applicants? The Senator must be aware of the fact that if in his own State there is a vacancy in the Rural Delivery Service, or in the post office, there would be a multitude of applicants for the position; at least that is the case in many States with which I am familiar.

Mr. EDGE. Mr. President—

Mr. KING. If the Senator will pardon me—

Mr. EDGE. I thought the Senator was propounding a question.

Mr. KING. It is more than a question; and the good nature of the Senator, of course, will forgive my trespassing.

I am in sympathy with high wages. I believe better service can be gotten from employees who receive adequate compensation, as a rule. I should like to see greater compensation paid in all activities of life. Yet we must bear in mind this fact, that if we raise wages and salaries to a higher level all over the United States, it reacts in an increase in the prices of all commodities, so that much of the advance in wages is lost in the increased price of commodities.

The Senator, from his practical life and experience, realizes that a few years ago \$100 a month would purchase far more than \$200 a month will purchase now, and the man who was making \$50 to \$75 a month in a rural community felt that he was quite opulent, because of the great purchasing power of the dollar.

I realize the fact that the purchasing power of the dollar has been reduced, but if we would bring about better conditions and remove the disparity which now exists between commodities and labor, it seems to me we must adopt a rather comprehensive plan, rather than go at it in piecemeal style.

We must remember, moreover, that we are guardians of the Treasury; we impose taxes upon the people. There is a demand for a diminution in taxes, and we have bills before Congress which call for the appropriation of between five and six billion dollars. Instead of diminishing taxes, if we meet the demands of the able Senator from New Jersey and a number of other Senators and Representatives, we will be compelled to lay taxes upon the American people in excess of the present levy by from one to two billion dollars.

Mr. EDGE. Mr. President, if the Senator will permit me, I desire to speak only about one minute more, and then he can have the floor to make a tax speech, and I will be entirely satisfied to yield the floor.

I am glad the Senator appreciates the lessening in the purchasing power of the dollar. Some of us, recognizing that fact, are trying in some fair and equitable manner to bring it into practical effect, so that the employees of the Government at least will know that we recognize that fact.

I am just as strongly in favor of equitable tax reduction as can be the Senator from Utah, but I am not in favor of it, I want it clearly understood, to the extent of reducing taxes at the expense of failing to recognize the services of the employees of the Government.

I not only contend, but I am quite sure I am right in the statement, that, generally speaking, the employees of the Government receive smaller salaries than are paid to employees in any other activities in the country doing like work. I see no reason for that. We can save money in many directions; we can cut down many expenditures; we can cut down the \$50,000,000 deficit for the maintenance of the merchant marine, in which I think the Senator from Utah probably to an extent agrees with me; but it is absolutely unfair, in my judgment, and beyond justification, not to recognize that the employees of the Government are entitled to a fair living wage, and when we are starting employees at \$840 a year in these days, or even a thousand dollars for clerks, who must have a certain amount of education, of course, before they can qualify as clerks, spending a certain length of time in order to acquire the knowledge necessary, it is unappreciative, in my judgment, on the part of the Government to attempt to deny a proper increase to meet the very point the Senator from Utah makes—the lessened purchasing power of the dollar.

Mr. FESS. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Ohio?

Mr. EDGE. I yield to the Senator.

Mr. FESS. The situation in the customhouse at New York has been apparent for some time. Why is it that this additional relief was not recommended by the Budget Director?

Mr. EDGE. Mr. President, I can not answer that in detail. As the Senator says, I believe the condition has been recognized. I can not speak for the Budget Director, of course, but it is my general impression that there had been a willingness evinced to allow the increases, but in some way the estimate was put in without this having been given full consideration. I am only saying that in a general way, because I am not entirely sure of my ground.

Mr. FESS. I am asking purely to get information. I have wondered whether under the present law the Director of the Budget is free to make a recommendation where there is any provision for it. In other words, I believe in the Budget system and I want that we shall adhere to it as best we can, and I always hesitate to vote for anything which does not appear to have been sufficiently valuable to be recommended by the Director of the Budget.

Mr. EDGE. I am afraid I can not answer the Senator in detail as to just what happened when the matter was presented to the Director of the Budget.

Mr. OVERMAN. Mr. President, I do not want my position in this matter to be misunderstood. I voted for an increase of \$1,800,000 in the salaries of the customs employees in New York about whom we are talking. But when it is sought to increase the appropriation by \$4,000,000, I think that is unreasonable.

What are the facts in the case? The arguments made by the Senator from New Jersey [Mr. EDGE] and the arguments made by the Senator from New York [Mr. WADSWORTH] have all been heard by the Budget. The Budget turned the increase down. Those arguments have been heard by the President, who sent the Budget estimate to Congress, and the President turned it down. The matter was brought before the House of Representatives, and for days and days this argument was made before the committee in the House; but it was turned down and they were given only \$1,500,000, which I voted for in the committee of the Senate.

Mr. EDGE. Mr. President, will the Senator yield?

Mr. OVERMAN. I yield.

Mr. EDGE. The Congress did not turn it down when it passed the so-called Calder bill, permitting a 30 per cent increase.

Mr. OVERMAN. I am talking about this appropriation, this very bill, in the consideration of which all of the arguments the Senator from New Jersey has made and those the Senator from New York has made were presented. The inspectors of the service, who had been sent out to investigate, were also heard.

The Budget people are honorable people. The President is an honorable man. He investigated the facts. He sent the estimate to Congress, saying that \$1,800,000 was a sufficient increase, and the House gave that. But when the bill came to the Senate, the Secretary of the Treasury came before the Senate Committee on Appropriation, and his testimony was read to the Senate this morning. I asked him a few questions. I asked him how it happened that the bill came from the Budget without an estimate for this appropriation. He said he expected to get such an estimate. I said, "That is all right, Mr. Secretary; go and get your supplementary estimate and send it to us." He went, and in a few days he came back without any estimate. I take it for granted the Budget Bureau refused to give it. It was said that Mr. Lord was out of the city. What difference does that make? There are four men there who could pass on it. The others could have made the estimate without Mr. Lord being there. Mr. Lord was out of the city, and he had refused before to send the estimate to Congress for \$16,000,000, and refused this time to send the estimate to Congress for \$16,000,000. The Senate committee, after hearing all these facts, which are admitted, and after the matter was turned down by the President and turned down by the Budget and turned down by the House, are asking the Senate to increase the appropriation by the enormous amount of \$4,000,000 of honest taxpayers' money.

The senior Senator from New York [Mr. WADSWORTH] read an inspector's report this morning. I am glad he did read it, because that inspector's report was before the Budget. The Senator said that I am not in favor of increasing these salaries, but I am. I want to pay these laborers what is due them. I know the conditions under which they work. I voted for the increase of \$1,500,000, but I am not going to vote to increase it out of all proportion, beyond anything suggested, except by Senators upon the floor of the Senate. They are the ones who say it ought to be increased to \$16,000,000, not the men in authority whose duty it is to investigate and pass upon the

question. Shall we take the testimony of the Senator from Utah [Mr. SMOOT], who knows very little about it, as he shows by his statement? He says part of it is for increased salaries, and part of it for increase in the number of employees. Is that for the purpose of election? Is it the intention just before the election to have 100,000 new employees or 10,000 added? No; I do not charge that. I say it is for the purpose of making a lump-sum appropriation, which we have all been preaching against, so that no one in authority will be in a position to grant a salary of \$10,000 or \$25,000, or whatever he might please.

The lump-sum principle is all wrong. Let us stand by the Budget in this case. Let us stand by the President. Let us stand by the House of Representatives and not go to these extremes in increasing appropriations from \$10,000,000 or \$12,000,000, as they were several years ago, to \$16,000,000, an increase of approximately \$6,000,000. How can Senators face their constituents if they do that? How can you appear before your constituents if you do that, my countrymen? What are you going to say when you are trying to tell the poor farmers, who are getting only \$500 a year, that you have voted for an appropriation to increase these employees' salaries and pay some of them \$5,000 or \$10,000 or \$15,000 a year? Is that your policy? Do not talk any more, Senators, about economy and reform and decreasing expenses when I have shown that there is to be an increase of \$2,500,000, and when the bills have all passed I will show that you have increased the expenses during your Republican administration over \$200,000,000. Now, you can do as you please. I am trying to save the taxpayers \$2,500,000, which the President says you ought to do, the Budget says you ought to do, and the House of Representatives says you ought to do. I am standing by them.

Mr. KING. Mr. President, will the Senator yield?

Mr. OVERMAN. Certainly.

Mr. KING. For information I would like to know whether, if this large increased appropriation is made, there is any provision in the bill allocating it to any particular individuals or group of individuals, or is it in lump-sum form so that the administrator may pay large salaries of \$5,000 or \$6,000 to whomsoever he may please and to such individuals as he may please?

Mr. OVERMAN. It is the same old lump-sum proposition we have been trying for 10 years to knock out and against which the Senator from Wyoming [Mr. WARREN] and the Senator from Utah [Mr. SMOOT] have been arrayed that allows an official to make salaries just what he pleases and to show favoritism to whomever he pleases. That is what it means and that is what it is.

Mr. WARREN. Mr. President, I think I ought to say that probably the junior Senator from Utah [Mr. KING] did not hear me when I said—

Mr. WALSH of Massachusetts. Will the Senator speak a little louder so we may hear him?

Mr. WARREN. I will undertake it. What I was about to say was that this appropriation comes under the law enacted on the 4th day of March of last year, known as the Calder law. That law positively forbids an increase of more than 30 per cent in any salary. This appropriation will not allow 30 per cent to be added, but it might reach about 15 or 18 per cent. That is the only safeguard that we have.

The Senator from North Carolina [Mr. OVERMAN] says it is a lump sum; but it has been such for a great many years. There is a law that has been alluded to by the senior Senator from New York [Mr. WADSWORTH], and it is under that law of more than 50 years ago that it is provided that certain positions are confined, for instance, to \$1,000 as the limit for a lot of men in other lines, as has been so well explained. Laborers who work for the Government around and in front of and with those men get more than 30 per cent more than do these particular men who are working for this branch of the Government, because of the old law which prohibits liberal salaries. The classification act is not yet effective and probably will not be made effective until more than a year from now, so that the appropriation for the coming fiscal year must be made upon the best information we can get as to the present salaries and such conditions as we may make which come under the Calder Act.

Mr. WALSH of Massachusetts. Mr. President, I am very much impressed with the argument made by the Senator from North Carolina [Mr. OVERMAN] about the unwisdom of lump-sum appropriations. I would prefer a specific appropriation increasing the salaries of the customs employees. I do not care who is responsible for failure to increase these salaries, whether it is the President or the Budget or the Congress, we

are confronted with a situation here that gives us an opportunity to remove a great injustice to faithful employees. The Senator from New York [Mr. WADSWORTH] has disclosed a deplorable situation among customs employees in New York. The information that has come to me from Boston confirms what he has described. It is not New York alone, but Boston, San Francisco, Seattle, in fact every port where customs employees are employed, discloses the same experience.

I for one do not intend by my vote to prevent or delay for one day the paying of a living wage to customs employees in New York, Boston, San Francisco, or anywhere else.

I have received several communications on this subject from the collector of customs in Boston. They are most enlightening. Since 1913 the average increase in the salary of customs employees has been 33 per cent, which is less than any other class of private employees in the whole country. The increase to the class of employees next ranking those of customs, the compositors and typesetting-machine operators in newspaper offices, has been about 65 per cent. The increase in the cost of living in the period since 1913 has been 60 to 70 per cent. So that the customs employees, during the time that there has been an increase of nearly 70 per cent in the cost of living in this country, have had only an increase of 33 per cent in their wages. All classes of private employees have had their wages increased since 1913 over 65 per cent, and many of them in excess of 100 per cent.

I do not care to be responsible for denying these men a living wage.

Let us bear in mind that these employees are not mere clerks, are not engaged in doing manual labor, but men who must have character, men of integrity, of sound judgment, of ability, and possessed with patience, intelligence, and personality. I think it is a very shortsighted policy to deny these men the increases which they long ago deserved. I do not care who is responsible, I am not going to share the responsibility any longer. The conditions are such that capable and ambitious young men will not enter the service. We are responsible if the very serious impairment continues. We should seize this opportunity to remedy conditions by voting for this appropriation.

I confess that I am very much impressed with the argument of the Senator from Tennessee [Mr. McKELLAR] and the argument of the Senator from North Carolina [Mr. OVERMAN] that this may be a somewhat irregular procedure, but the situation is so critical and it is so certain that this branch of the service is being impaired—and it is an important branch of the public service and increasingly important as we increase these duties—that I shall vote without any hesitancy for this appropriation. I do not propose to let technicalities interfere with speedily granting these employees a fair wage.

I think that the Government ought to lead in giving its employees the best possible living and working conditions. In many respects we do surpass conditions provided and wages paid by private employers. In the matter of hours of labor our Government has usually led, but in the matter of wages to certain employees—I mean outside of the mere clerical positions, that class of employees where character is necessary, where integrity is important, where efficiency is highly desirable—we have lagged behind and we are now far behind what private employers are paying to employees in corresponding positions. Among those employees that are grossly and shamefully underpaid I include chiefly the postal and the customs employees. Their work is exacting, their responsibility serious; they must be honest and upright, and we ought not by giving them miserable salaries subject them and their families to the discomforts and want against which their stations in the public service should be a guaranty. Indeed, we ought not to subject them to the temptation of crass indifference, if not worse, that underpayment invites.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Tennessee?

Mr. WALSH of Massachusetts. Certainly.

Mr. McKELLAR. All of that statement I approve fully—

Mr. WALSH of Massachusetts. I know the Senator does.

Mr. McKELLAR. The Senator understands that I not only have been favorable to salary increases, but have stood for them and worked for them and voted for them in committee and on the floor of the Senate at all times. But recently we enacted a law providing for reclassification of all the employees of the Government, so as to give them a fair and just and even liberal wage. That law is being put into operation now. It is expected to be put into operation in every department of the Government, both here in Washington and in the field service, by the 1st of July.

Mr. WALSH of Massachusetts. The Senator from Wyoming [Mr. WARREN] said it would be another year before it could be put into operation.

Mr. McKELLAR. That is not in accordance with the proof before the committee. My recollection of the proof before the committee is that in the field service it was expected to be completed by the 1st day of July. Now, if that is correct, ought we not to stand by the law which we ourselves have made for the increase of salaries? The Senator said these men are worthy of an increase. Let us assume that they are. Then let us take the Postal Service. Why should we not raise them in like manner and give them a lump sum of three or four million dollars or ten or fifteen million dollars, and have them raised just before the reclassification act takes effect? Take the rural carriers—their salaries are not adequate, perhaps. Why should not we raise them by a lump-sum appropriation before the reclassification act takes effect? If we are going to do it for one class of our employees, why not do it for every class, so as to let them all be treated alike?

That is my reason for opposing this particular increase, and that is intensified by the particular situation that our good friends, who usually stand by the Budget, are now repudiating the Budget. The Budget does not provide for this increase in appropriation. I have no doubt that General Lord takes the same view of it that some of us take; that it is a matter of reclassification of the employees, so that all will be treated alike. That is my position, not because I am opposed to increased salaries or to fair and just salaries. I am very much in favor of them, but we ought to accomplish that purpose to all alike.

Mr. WALSH of Massachusetts. It is regrettable that the proposition is put before us in this manner of a lump-sum appropriation, but the information which the Senator from Wyoming conveys to me is that the reclassification law will not be operative for another year.

Mr. WARREN. That is as to the field service. As it applies to Government employees in the District of Columbia, it will be effective the 1st of July, but the field service reclassification, which covers these particular items, has hardly been commenced so far as the reclassification is concerned.

Mr. WALSH of Massachusetts. If the amendment should be defeated is there any provision in the reclassification law to give these customs employees an increased salary?

Mr. WARREN. No.

Mr. WALSH of Massachusetts. So that we are confronted with the alternative that if we are going to increase the wages of these employees we must accept this amendment or let the matter go without any increase until some indefinite time?

Mr. WARREN. Until the reclassification is made.

Mr. McKELLAR. Will not that be true of all other departments in the field service? In other words, we are taking this one out from among them all and raising these particular men's salaries, but we are leaving every other department of the field service out. I do not think that is fair.

Mr. WARREN. The Senator, however, overlooks one important point. The employees in all other services have had their salaries increased from time to time, but we are now discussing a service the employees of which have not had an advancement in their compensation since the Senator from Tennessee [Mr. McKELLAR] was born, young as he is, or old as he might be, and as I hope he will be, at some time in the distant future. It is the lack of having received a just increase of compensation which concerns this particular service. These men, especially in the lower grades, have never yet had an advance of their salary, so far, the law has provided.

Mr. WALSH of Massachusetts. Mr. President, I refuse to delay action until some indefinite time when reclassification is possible, for I am sincerely impressed with the fact that these employees deserve an immediate increase of salary. I am convinced of that by the argument not only of the Senator from New York [Mr. WADSWORTH] and the information which he has submitted here, but also from reports which have been sent to me by the collector of customs at Boston, and from the statements of the men themselves who have waited upon me and disclosed the shameful wage scales. I do know that these men have been penalized and that they and their families are suffering and in real need as a result of the inadequate wage which is paid by this Government to these men of unusual capacity, of character, of efficiency, and of ability. It is about time for the Government to pay decent wages to men whom it expects to be honest and to handle its money and goods with safety if we expect to maintain good service.

Mr. BAYARD. Mr. President—

Mr. WALSH of Massachusetts. I yield to the Senator from Delaware.

Mr. BAYARD. Mr. President, I desire to suggest to the Senator from Massachusetts one other element which he omitted to state, and that is the tremendous increase in the physical operations at the port of Boston and at the port of New York, where the importations are so greatly in excess of former years that the actual physical labors have increased very materially. I do not know what the exact percentage is.

Mr. WALSH of Massachusetts. I thank the Senator for his suggestion. The figures show that the cost of the collection of custom duties in Boston has been reduced in the last year from $4\frac{1}{2}$ cents to $1\frac{1}{2}$ cents. The same thing is also true as to New York. Thus the figures show that about the same number of employees have been doing the very large amount of extra work which has been required.

Mr. BAYARD. And that they have been doing far more than their individual share.

Mr. SMOOT. Mr. President—

Mr. WALSH of Massachusetts. I yield to the Senator from Utah.

Mr. SMOOT. When I spoke upon the pending matter some time ago I called attention to the fact that a law, known as the Calder Act, had been passed authorizing an increase of 30 per cent in the wages of these employees. I will say to the Senator from Massachusetts that as to this class of employees every one admits that the reclassification law will afford to every one of them an increase of salary. In some of the departments of the Government the employees are now drawing salaries pretty nearly as high as they will receive under the classification law. That is not true, however, as to the customs service. This service is the poorest paid service in the Government of the United States.

Mr. WALSH of Massachusetts. Mr. President, I supported in the Finance Committee the Calder bill, and I certainly agree with all that has been said about the poor salaries paid customs employees. I will also say while I am on my feet that I think the long delay by Congress and all concerned in reclassifying Government employees is a disgrace. The matter should have been done long ago. It is the old story of procrastination, delay, and inefficiency in handling the business of the Government, and Congress is the worst offender and sets the bad example easily followed by the departments. We are now confronted with another case of postponement if we oppose this amendment. I do not intend to be a party to it. I purpose to see that faithful servants who work for the people of the United States are paid a decent wage, and I will therefore help to bring that about by voting for the pending amendment.

I ask that I may be permitted to have inserted in the Record two letters from the collector of customs of Boston and a chart which illustrates the point he has set out in the information referred to about increases in wages among different classes of employees.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letters and chart are as follows:

TREASURY DEPARTMENT,
UNITED STATES CUSTOMS SERVICE,
OFFICE OF THE COLLECTOR, DISTRICT No. 4,
Boston, Mass., December 17, 1923.

HON. DAVID I. WALSH,

United States Senate, Washington, D. C.

MY DEAR SENATOR: In continuance of our conversation in your office the other day in regard to the increase in business at this port, the increase in the cost of living in Boston and in Massachusetts, and the lack of increase in the compensation of Government employees in this service, I beg to inclose you two charts prepared by one of the clerks in my force. The first chart explains rather graphically the abnormal increase in the amount of business which the present force have been called upon to perform. You will observe that the increase in revenues of the last fiscal year amounts to nearly 350 per cent, whereas the cost of collecting a dollar at this port was reduced from $4\frac{1}{2}$ to $1\frac{1}{2}$ cents, a figure lower even than the cost at the port of New York. The second chart shows increases in the cost of living in Boston and in Massachusetts during the last 10 years as compared to the increased compensation of Government employees in the customs service, including the bonus of \$240, during the same period. I do not suppose it would be possible to have these charts printed in the CONGRESSIONAL RECORD, but I believe it would be extremely useful to the movement now on foot if by any chance this could be done.

With best wishes, I am

Sincerely yours,
(Inclosures.)

W. W. LUFKIN,
Collector.

TREASURY DEPARTMENT,
UNITED STATES CUSTOMS SERVICE,
OFFICE OF THE COLLECTOR, DISTRICT No. 4,
Boston, Mass., January 8, 1924.

HON. DAVID I. WALSH,

United States Senate, Washington, D. C.

MY DEAR SENATOR: I am taking the liberty of submitting to you under another cover a brief and inclosures prepared by the committee on personnel of the employees of the customs service in the district of Massachusetts, and beg to ask your indulgence in giving the petition of these men and women your consideration.

I do not think I was ever considered, while a Member of Congress, a spendthrift or an enthusiastic champion of general increases in Government salaries. Two years' experience here, however, has convinced me that the employees as a whole in the customs service at this port are grossly underpaid and are finding it almost impossible to make both ends meet. This result can have but one effect, to wit, dissatisfaction and a spirit of unrest among the members of our force. This is particularly lamentable at this time with the increased business and resulting responsibility which these employees must shoulder. The inclosed charts tell the story pretty generally, but I desire to call attention particularly to the following points:

1. The increased compensation of the various skilled trades in the city of Boston since the year 1913 as compared with the increased compensation of the employees of the customs service.
2. The increase in the cost of living in Boston and in Massachusetts during the past 10 years as compared with the increased compensation of customs employees.
3. The increase in the amount of business at the port of Boston for the fiscal year 1923 over the fiscal year 1922, showing an increase in the value of imports of almost 100 per cent and an increase in the amount of money collected of over 300 per cent.
4. In spite of the magnitude of business conducted during the fiscal year 1923, our personnel was only increased a total of 22 people and the cost of collecting a dollar was decreased from $4\frac{1}{2}$ cents to $1\frac{1}{2}$ cents. This latter figure, I am informed, is the lowest of any large port in the United States.

In view of these facts, I am firmly of the opinion that if the efficiency and morale of the personnel at this port are to be maintained some recognition must be made of the employees in the way of increased compensation. These men and women have been led to believe for a number of years that the so-called reclassification bill would cure all these ills. Unfortunately, this legislation seems destined to further postponement, with the result that some other means of relief is necessary.

With apologies for troubling you in this matter, I am,

Sincerely yours,

W. W. LUFKIN, Collector.

BOSTON, MASS., January 4, 1924.

To Members of Congress:

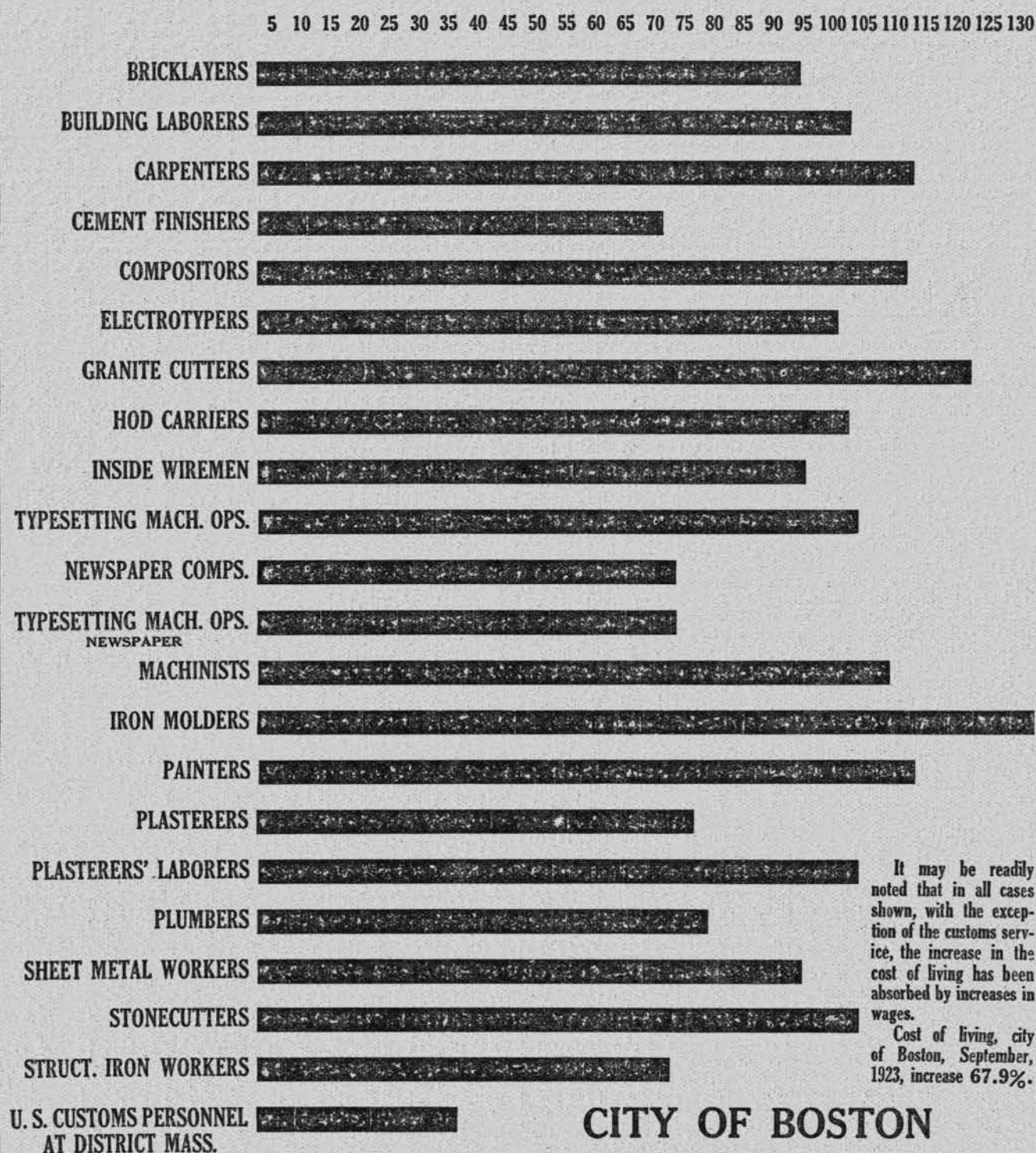
DEAR SIR: We wish to bring to your attention by means of the attached charts the conditions existing in the customs service to-day.

Some of the charts show local conditions, but it is evidently true that the same conditions exist in all the larger ports. These charts in general graphically depict the increase of customs business, receipts, and expenditures, personnel, cost of collection per dollar, the small per cent increase of salaries, the general increase of pay of those employed in 21 representative trades, and the increased cost of living. The figures are taken wholly from official records and are authentic.

After an examination of these charts we think you will agree that something should be done immediately to increase the salaries of employees in the customs service, an important branch of the Government service requiring trained men of ability and integrity. Our employees have seen salaries in other more recent and perhaps less important departments made more in accordance with present needs, while they, in an old established branch of Government service, bringing into the Treasury of the United States in the year 1923, \$562,189,030, at a cost of 2.034 cents on a dollar, are still receiving practically the same salary year after year, notwithstanding complicated tariffs, increased cost of living, or years of experience necessary to make an efficient customs official.

The customs service is now unattractive to men qualified to carry on the work, while formerly men of ability and integrity sought customs positions now such men shun the service, and many experienced and trained men have resigned on account of inability to exist on the small salaries paid, with the result that service is in a precarious state; no able men are coming in, and many trained employees are resigning.

An investigation into the conditions existing in our service will show how urgently money is needed to carry on efficiently, and the heroic measures taken by collectors and other officials to keep the imports and exports moving with the small amount of money available for this purpose, imposing many times double service of em-



CITY OF BOSTON

PERCENTAGE OF INCREASE 1923 OVER 1913 PER HOUR WAGES VARIOUS SKILLED AND UNSKILLED TRADES, BASED UPON FIGURES MONTHLY LABOR REVIEW, SEPTEMBER, 1923, U. S. DEPT. OF LABOR, AND DURING SAME PERIOD, PER CENT INCREASE TOTAL COMPENSATION, ENTIRE CUSTOMS PERSONNEL.

ployees, and shifting about from one branch to another in order to accomplish the end sought and allow the importer to receive his goods without undue delay.

May we ask that you study the situation and give it your attention, to the end that proper recognition be given our service to restore it to its former standing as one of the important branches of Government service?

Very respectfully,

COMMITTEE OF PERSONNEL.

BOSTON, January 4, 1924.

This report has been carefully examined by us. It meets with our approval and is commended to Congress for favorable consideration.

W. W. LUFKIN,
Collector of Customs.
HERMAN HORMEL,
Surveyor of Customs.
HARRY W. SPAULDING,
Comptroller of Customs.

The PRESIDING OFFICER. The question is on the amendment reported by the Committee on Appropriations proposing to increase the appropriation for collecting the revenue from customs, for the detection and prevention of frauds, and so forth, from \$13,680,140 to \$16,180,140.

Mr. OVERMAN. I call for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. LODGE (when his name was called). I have a general pair with the Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the Senator from Vermont [Mr. GREENE] and vote "yea."

Mr. McKELLAR (when his name was called). I have a pair for the day with the senior Senator from Ohio [Mr. WILLIS]. I transfer my pair with that Senator to the senior Senator from Missouri [Mr. REED] and vote "nay."

Mr. OVERMAN (when Mr. SIMMONS's name was called). My colleague [Mr. SIMMONS] is unavoidably absent. He has a general pair with the junior Senator from Oklahoma [Mr. HARRELD].

The roll call was concluded.

Mr. ADAMS. I have a pair for the day with the junior Senator from Missouri [Mr. SPENCER]. Not knowing how he would vote if present, I withhold my vote.

Mr. JONES of New Mexico. I have a general pair with the Senator from Maine [Mr. FERNALD], but I am advised that on this question he would vote as I intend to vote if he were present. I therefore vote "yea."

Mr. EDGE. I wish to announce that if my colleague [Mr. EDWARDS] were present he would be recorded in the affirmative. Mr. ERNST. I transfer my general pair with the senior Senator from Kentucky [Mr. STANLEY] to the junior Senator from Illinois [Mr. McKINLEY] and vote "yea."

Mr. WALSH of Massachusetts. The Senator from Rhode Island [Mr. GERRY] is unavoidably absent. If present, he would vote "yea."

Mr. CURTIS. I desire to announce that the Senator from Illinois [Mr. McCORMICK] has a general pair with the Senator from Oklahoma [Mr. OWEN].

I also desire to announce that the Senator from South Dakota [Mr. STERLING] has a general pair with the Senator from South Carolina [Mr. SMITH].

The result was announced—yeas 51, nays 15, as follows:

YEAS—51.

Bayard	Dill	Ladd	Shipstead
Brandeggee	Edge	Lodge	Shortridge
Brookhart	Ernst	McLean	Smoot
Broussard	Ferris	McNary	Stanfield
Bruce	Frazier	Moses	Swanson
Bursum	George	Neely	Trammell
Cameron	Glass	Norris	Wadsworth
Capper	Hale	Pepper	Walsh, Mass.
Colt	Johnson, Minn.	Phipps	Walsh, Mont.
Copeland	Jones, N. Mex.	Pittman	Warren
Couzens	Jones, Wash.	Ransdell	Watson
Curtis	Kendrick	Reed, Pa.	Wheeler
Dale	Keyes	Sheppard	

NAYS—15.

Borah	Fletcher	Howell	Ralston
Caraway	Harris	King	Shields
Dial	Harrison	McKellar	Stephens
Fess	Heflin	Overman	

NOT VOTING—30.

Adams	Gooding	Mayfield	Spencer
Ashurst	Greene	Norbeck	Stanley
Ball	Harreld	Oddie	Sterling
Cummins	Johnson, Calif.	Owen	Underwood
Edwards	La Follette	Reed, Mo.	Weller
Elkins	Lenroot	Robinson	Willis
Fernald	McCormick	Simmons	
Gerry	McKinley	Smith	

So the amendment of the committee was agreed to.

The PRESIDING OFFICER. The Secretary will continue the reading of the bill.

The reading of the bill was resumed, and the reading clerk read as follows:

FEDERAL FARM LOAN BUREAU.

Salaries: For six members of the board, at \$10,000 each; for personal services in the District of Columbia in accordance with the classification act of 1923, and for personal services in the field, \$137,000; in all, \$197,000, payable from assessments upon Federal and joint-stock land banks;

For salaries of four reviewing appraisers at not to exceed \$5,000 each per annum, and the traveling expenses of such reviewing appraisers, \$15,000, in all, \$35,000, payable from assessments upon Federal and joint-stock land banks;

For traveling expenses of the members of the board and its officers and employees; per diem in lieu of subsistence, not exceeding \$4; and contingent and miscellaneous expenses, including books of reference and maps, and exclusive of stationery and printing and binding; and for the examination of national farm loan associations, including personal services and traveling expenses; \$122,040, payable from assessments upon Federal and joint-stock land banks: *Provided*, That no person shall be employed hereunder at a rate of compensation exceeding \$2,500 per annum: *Provided further*, That \$2,500 of this sum may be expended for clerk hire in the District of Columbia;

In all, Federal Farm Loan Bureau, \$354,040.

Mr. BORAH. Mr. President, I notice in the bill these items with reference to the Farm Loan Board. I have a bill pending to reduce the number of members of this board, and also to reduce their salaries. If this appropriation should be made, and if that bill should pass, I presume that the entire appropriation would not be used?

Mr. SMOOT. Certainly not. If the bill referred to by the Senator from Idaho becomes a law, of course the whole of this appropriation would not be used.

Mr. McKELLAR. Mr. President, I intended to ask the Senator from Utah [Mr. Smoot] and the Senator from Wyoming [Mr. WARREN] with reference to this matter. Does this \$197,000 in the first paragraph provide for the \$25,000 paid to Mr. Lobdell?

Mr. SMOOT. No; that is paid by the 12 regional banks, as I understand. There is no appropriation for that.

Mr. McKELLAR. Is there another appropriation for it?

Mr. SMOOT. No; there is no appropriation for that. That is paid by the banks themselves.

Mr. McKELLAR. What authority of law have these 12 banks to pay a financial agent \$25,000, or any other salary?

Mr. SMOOT. I can not say offhand just what the law is, nor do I know, really, whether there is any specific law for it.

Mr. McKELLAR. I am inclined to think that there is not, but it is a matter that we ought to look into, because, in the first place, I think such an office is wholly unnecessary. The work was done by the Farm Loan Board before Mr. Lobdell took it over, and there ought to be some provision about it. Of course it will not come in here. It is not included in this appropriation.

Mr. SMOOT. No; it is not included in this appropriation, and I will say to the Senator that the only reason I can assign for the banks having employed Mr. Lobdell or any other man for the purposes for which he was employed is that all of the banks had to have some agency whereby they could sell their bonds, and I think there was an understanding between all of the banks that they would have Mr. Lobdell attend to that for all of them. There is no need, however, of going into that question at this time.

Mr. McKELLAR. Mr. President, while I am on that subject I will say that my information is that Mr. Lobdell did the work as a member of the board before he resigned.

Mr. SMOOT. That is true. He was chairman of the board. Mr. McKELLAR. He was chairman of the board, and did this work. Then he resigned as a member of the board, and became an employee of the several banks at a greatly increased salary. If Mr. Lobdell, as chairman of the board, could do that work and did do it, then his successor as chairman of the board should do that work, and in that way the \$25,000 that is now being paid to Mr. Lobdell would be saved.

While I am still on that subject I want to say this: The Senator knows that while the loans of the farm loan banks have increased in a very small percentage in the last four years, the expenses of running that department have increased several hundred per cent.

Mr. SMOOT. The Senator is wrong when he says that Mr. Lobdell as chairman of the board had anything whatever to do with selling the bonds for these individual banks. That was done by the banks themselves; but after he left the

board the banks did hire him for the purpose of selling the bonds, and the present chairman of the board—the man holding the position which Mr. Lobdell occupied for a time—has no authority to sell and is not called upon to sell these bonds.

Mr. McKELLAR. Can the Senator, without trouble, tell us under just what appropriation the matter connected with Mr. Lobdell can be dealt with?

Mr. SMOOT. We have nothing to do with that.

Mr. WARREN. Let me say to the Senator that there will be no appropriation of that kind.

Mr. SMOOT. That comes from the business of the banks themselves.

Mr. McKELLAR. The banks are a governmental agency and we control them, and there must be some way of preventing that work being transferred from the banks to this agent at \$25,000 a year.

Here is what I want to say: We are talking about doing good for the farmers, and yet we are allowing the expenses of the Farm Loan Board to be increased several hundred per cent. I am going to bring here the figures—I have them in my office and I am going to bring them here—showing that their expenses have increased several hundred per cent in the last few years; but there is no corresponding increase of business. In that way money that was intended for the farmers is being in part dissipated, and it ought not to be done.

Mr. SMOOT. I do not think this is the proper time to go into a detailed discussion of that matter, but when the time comes I think the Senate and the country ought to know everything connected with it.

Mr. HARRISON. Mr. President, it may be that the matter I am about to mention was discussed when I was not in the Chamber. It is on page 2. It is the provision about "the average of the salaries of the total number of persons under any grade," and so forth. Was that discussed?

Mr. SMOOT. I will say to the Senator that the Senator from Tennessee [Mr. McKELLAR] asked that that go over until the committee amendments were agreed to, and then, at the request of the Senator, I shall make a complete statement of the reasons for this provision.

Mr. McKELLAR. I hope the Senator in his statement will say whether or not in his judgment it is subject to a point of order, because, if it is subject to a point of order, I want to make the point of order against it. I think it is new legislation.

Mr. SMOOT. I will say to the Senator that this provision passed the House, and I am quite sure a point of order will not lie against it.

Mr. McKELLAR. I shall raise the question, however.

Mr. KING. Mr. President, I want to take occasion to make one observation in view of what my colleague [Mr. Smoot] has stated respecting the appropriations carried in the bill for the Farm Loan Board.

If these appropriations are too large, or if compensation is paid to any one individual under this appropriation in excess of what we think is right, it seems to me that it would be subject to emendation.

Mr. SMOOT. But Mr. Lobdell is employed by the banks themselves, not by the Federal Farm Loan Board. The Federal Farm Loan Board has nothing whatever to do with hiring him or paying him. He acts as an agent for these banks; and while I do not know how much each bank pays, the total payment is \$25,000 per annum.

Mr. KING. I did not have in mind alone the case of Mr. Lobdell, who, as we all know, served with a great deal of ability as a member—and, indeed, as I recall now, as the chairman—of this very important Federal agency. I had in mind the criticisms which have been leveled for some time against the entire organization. An echo of that criticism comes now from my distinguished friend from Tennessee [Mr. McKELLAR] when he states in substance that the operating expenses of the Farm Loan Board have been materially increased. He has stated the percentage. It seems to me rather higher than what I recollected, so I refrain from stating what the percentage is; but it is a fact that there have been serious criticisms against the Farm Loan Board by reason of the large increase, it is alleged, in the personnel not only in Washington but in various parts of the United States where its operations carry it; and there was a great deal of criticism growing out of the employment of Mr. Lobdell either by the board or by banks, as my colleague has stated, or agencies who dealt in the securities of the farm-loan organization, that criticism resting upon the statement that Mr. Lobdell retired from a position where he received \$10,000 a year and accepted employment at a compensation of \$25,000 a year.

It is obvious that Mr. Lobdell has some place in this organization which would subject him to some control by the Federal Government. Whether or not the compensation which he has obtained is too great, measured by the value and importance of his services, I now express no opinion; but it would seem to me that if it is too great Congress in this appropriation bill could make provision for a limitation of any compensation which is paid, directly or indirectly, by the Federal Government. Of course if his compensation is paid exclusively by outside agencies and the Federal Government is not directly or indirectly responsible therefor, Congress could not control that compensation; but it could provide, by way of a limitation upon the funds carried in the item now under consideration, that no association should be had by an agent who was receiving compensation in excess of a certain amount.

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to his colleague?

Mr. KING. I do.

Mr. SMOOT. I think my colleague is right in stating that such a law could be passed; but there seems to be an understanding here that this item of \$197,000 is to come out of the Treasury of the United States. Not a dollar of it will come out of the Treasury of the United States. This is to be payable from the assessments on Federal and joint-stock land banks.

Mr. WARREN. That is correct.

Mr. SMOOT. In other words, the joint-stock land banks pay every cent of this, and not a penny is taken out of the Treasury of the United States.

I was going to say, in answer to the Senator from Tennessee [Mr. McKELLAR], that if he will look at the amount of loans made and the amount of bond sales and compare it with the amount of appropriations and the examinations that are being undertaken now, I am quite sure he will not say that the increase is more than the business that is undertaken and being accomplished by the employees of these banks.

Mr. KING. Mr. President, in any observations I have made I have not expressed any opinion which I may have relative to the salaries, compensation, and costs of operation of this Federal agency. I do not know whether the salaries paid are too high or whether the cost of operation is too great. I only know that there have been a great many criticisms and many publications of an adverse nature which have provoked considerable criticism throughout the country; and I have felt, particularly since the Senator from Idaho [Mr. BORAH] invited the attention of the Senate to this matter some months ago, that it would be wise if it were to be fully considered by some committee of the Senate, so that if these criticisms are unmerited the full facts might be disclosed as a complete answer to the criticisms, and thus obviate the irritation which results therefrom.

Just one other observation: I am well aware, as was stated by my colleague, that these expenses are to be paid, not as a direct appropriation from the Treasury but in the manner indicated by the senior Senator from Utah. Nevertheless there is power in Congress to determine what those appropriations shall be and to limit the purposes for which they shall be made.

Otherwise, it would be a foolish and a futile thing to incorporate in this bill, or in any act of Congress, provisions with respect to the expenses of this organization. So, whether we appropriate directly from the Treasury, or appropriate indirectly through the treasuries and agencies of this great Federal organization, it is immaterial so far as the principle is concerned, and I only hope that when the bill which I am advised is pending, dealing with these organizations and with the cost of administration, is brought before the Senate for consideration the whole matter will be canvassed, to the end that the public and the Senate may be fully advised as to the facts.

Mr. HOWELL. Mr. President, Congress has provided that the maximum salary that shall be paid to a member of the Farm Loan Board shall be \$10,000 a year, and that was the salary paid to Mr. Lobdell, who was formerly chairman. No salary can be paid to any employee of the Farm Loan Bureau without the approval of the Farm Loan Board.

The Farm Loan Board has approved the payment of a salary of \$25,000 to its fiscal agent. It seems to me it would be proper to insert in the bill a limitation providing that no salary shall be approved in excess of \$10,000 a year. I have not an amendment prepared, but I should like to prepare such an amendment.

Mr. WARREN. Mr. President, the amendment could not be inserted in this bill, because it is legislation.

Mr. SMOOT. Let me suggest to the Senator from Nebraska that offhand I do not believe it would be wise to accept an amendment of that kind. If legislation is necessary, let us enact the legislation and fix the salary by legislation, rather than try to put such provisions in an appropriation bill.

Mr. HOWELL. Very well.

Mr. NORRIS. Mr. President, with regard to what my colleague has said, and with respect to the statement of the chairman of the Committee on Appropriations, it strikes me that an amendment limiting the use of this appropriation for the payment of a salary above any sum named would be in order on an appropriation bill.

Mr. WARREN. We are not appropriating for that. This appropriation is for other employees.

Mr. NORRIS. That salary comes from the board?

Mr. WARREN. It does.

Mr. NORRIS. Then the Senator from Wyoming is right about it.

The PRESIDING OFFICER. The Secretary will continue the reading.

The reading was resumed, the next amendment being under the subhead "Office of Treasurer of the United States," on page 17, at the end of line 10, to increase the appropriation for salaries for personal services in the District of Columbia in accordance with "The classification act of 1923," from \$1,072,000 to \$1,084,000.

Mr. KING. I notice an increase here, as in other items. The House had before it full information respecting these various items. The Budget Bureau, I have no doubt, recommends the amount passed by the House. The Senate committee has increased this item, as it has many others. What is the reason of that?

Mr. WARREN. The reason for that was presented to the committee. It is because of an arrangement of salaries of employees transferred from one department to another. It would not cost any more in the long run.

Mr. KING. It takes care of transfers from what other branches of the service?

Mr. WARREN. They are all in the Treasury Department, but various clerks are engaged in different activities. Of course, sometimes clerks are detailed from different departments, and we have sought to cut that out so far as we can, and make every tub stand on its own bottom.

Mr. KING. Let me ask the Senator if in the aggregate appropriation there is not an increase corresponding with this increase in the item now under consideration? If it is a mere transfer from one branch of the service to another, and the other branch of the service was recognized by the Budget Bureau, then the aggregate would not be increased to the extent of \$12,000, which increase this item carries. I think the Senator will find that this is a new item entirely.

Mr. SMOOT. The Senator is wrong there.

Mr. WARREN. It may be an increase.

Mr. SMOOT. No; it is not an increase; it is a decrease.

Mr. WARREN. In the long run it is. The Senator seems to make the point that the Committee on Appropriations has no right to increase any appropriation a matter of six or eight or ten thousand dollars. I want to say that it is often shown, as in this case, that the increase is needed.

Mr. KING. I disclaim that limitation which the Chairman's statement would imply. I wish we could restrict this mighty committee, and limit its authority in increasing appropriations granted by the House; but, of course, I recognize the right of the committee, and if they believe that the House has not appropriated a sufficient sum for any matter referred to in the bill, the committee has the right to increase it, subject to the approval of the Senate, of course.

Mr. SMOOT. Mr. President, the estimate of the Budget was \$1,092,000, and the House cut that down to \$1,072,000.

Mr. FLETCHER. The increase is from \$1,072,000 to \$1,084,000. That means an increase of \$12,000. Is that for an additional salary or an additional employee or does it cover a number of employees?

Mr. SMOOT. In the daily check balance division there was a decrease of 25 people; in other words, as they left the service, no others were put in their places. It develops that in order to keep up the daily check balances they have to have 6 more people. The Budget allowed them the 6 people, or \$12,000, and they estimated \$1,092,000, just exactly the same the Senate committee has given them. But the House did not allow them \$12,000 for the 6 people they had to have in order to keep their daily check balances up, and Mr. Tate, of the department, said:

Those daily check balances have to be kept up every day, and we can not possibly keep them up with 19 people less than we had last year.

That is all there is to it. We gave them 6 additional employees.

The amendment was agreed to.

The next amendment was, on page 17, at the end of line 11, to increase the total appropriation for salaries in the office of the Treasurer of the United States from \$1,080,000 to \$1,092,000.

The amendment was agreed to.

The next amendment was, on page 18, at the end of line 23, to strike out "\$3,800,000" and to insert "\$3,900,000," so as to read:

For salaries and expenses of collectors of internal revenue, deputy collectors, gaugers, storekeepers, and storekeeper-gaugers, clerks, messengers, and janitors in internal-revenue offices, rent of offices outside of the District of Columbia, telephone service, injuries to horses not exceeding \$250 for any horse crippled or killed, expenses of seizure and sale, and other necessary miscellaneous expenses in collecting internal-revenue taxes, \$3,900,000.

The amendment was agreed to.

The next amendment was, on page 20, line 1, after the word "districts," to strike out "\$31,235,000" and to insert "\$32,235,000," so as to read:

For expenses of assessing and collecting the internal-revenue taxes, including the employment of the necessary officers, attorneys, experts, agents, accountants, inspectors, deputy collectors, clerks, janitors, and messengers in the District of Columbia and the several collection districts, to be appointed as provided by law, telegraph and telephone service, rental of quarters outside the District of Columbia, postage, freight, express, and other necessary miscellaneous expenses, and the purchase of such supplies, equipment, furniture, mechanical devices, law books and books of reference, and such other articles as may be necessary for use in the District of Columbia and the several collection districts, \$32,235,000.

The amendment was agreed to.

The next amendment was, on page 21, line 12, after the word "notwithstanding," to strike out the additional proviso in the following words:

Provided further, That no money herein appropriated for the enforcement of the national prohibition act shall be used to pay for storage in any private warehouse of intoxicating liquors or other property seized pursuant to said act, where there is available for that purpose space in a Government warehouse in the judicial district wherein such property was seized or in an adjacent judicial district; and when such seized property is stored in an adjacent district, the jurisdiction over such property in the district wherein it was seized shall not be affected thereby—

And in lieu thereof to insert the following additional proviso:

Provided further, That no money herein appropriated for the enforcement of the national prohibition act, the customs laws, or internal revenue laws shall be used to pay for storage in any private warehouse of intoxicating liquors or other property in connection therewith, seized pursuant to said act, where there is available for that purpose space in a Government warehouse or other suitable Government property in the judicial district wherein such property was seized or in an adjacent judicial district, and when such seized property is stored in an adjacent district the jurisdiction over such property in the district wherein it was seized shall not be affected thereby. No charges for storing such liquors or other property in a private warehouse shall be disallowed when the seizing officers have approved the same.

The amendment was agreed to.

The reading was continued to page 25, line 6, the last paragraph read being as follows:

Total, Coast Guard, exclusive of commandant's office, \$10,510,944.

Mr. WADSWORTH. May I ask the Senator in charge of the bill if there is an item in the bill for the construction of motor vessels for the Coast Guard, to be used in the prevention of smuggling?

Mr. WARREN. I assume the Senator's inquiry is with relation to the so-called rum running?

Mr. WADSWORTH. It is.

Mr. WARREN. That appropriation is in the deficiency bill, which has not yet passed the House.

The next amendment was, under the subhead "Secret Service," on page 28, at the end of line 19, to increase the appropriation for suppressing counterfeiting and other crimes, etc., from \$425,000 to \$433,800.

The amendment was agreed to.

The next amendment was, under the subhead "Public Health Service," on page 33, line 7, to increase the appropriation for the maintenance and expenses of the Division of Venereal Diseases, established by sections 3 and 4, Chapter XV, of the act approved July 9, 1918, including personal and other services in the field and in the District of Columbia, from \$25,000 to \$149,000.

The amendment was agreed to.

Mr. WARREN. Mr. President, there should be a committee amendment inserted on page 33, after line 7. It does not increase the appropriation, but it makes the bill as it was as it passed the House. It was intended to be included here, but was left out through error.

The PRESIDING OFFICER (Mr. CURTIS in the chair). The Secretary will state the amendment.

The READING CLERK. On page 33, line 7, after the numerals "\$149,000," insert a comma and the following:

of which sum \$25,000 shall be allotted to the States for cooperative work in the prevention and control of such diseases.

The amendment was agreed to.

Mr. FLETCHER. Mr. President, that is a considerable increase, from \$25,000 to \$149,000.

Mr. WARREN. It is not an increase.

Mr. FLETCHER. I am speaking about the amendment as printed. The committee proposes to increase from \$25,000 to \$149,000. Can the committee give any reason for that?

Mr. WARREN. There are a great many reasons which seem to show that it is necessary. We had an abundance of testimony, both oral and in letters. The appropriation is going down very fast. Last year it was between two and three hundred thousand dollars.

Mr. FLETCHER. Is it within the estimate?

Mr. WARREN. Oh, yes; it was estimated for.

The next amendment was, under the subhead "New Orleans, La., mint," on page 35, line 2, to increase the appropriation for wages of workmen and other employees, from \$3,720 to \$5,000.

The amendment was agreed to.

The next amendment was, under the subhead "Public buildings, Office of Supervising Architect," on page 38, line 18, to increase the appropriation for the completion of the Carville, La., National Leper Home, from \$145,000 to \$150,000.

The amendment was agreed to.

The next amendment was, in the item for New York Subtreasury, on page 39, after line 9, to insert:

For construction of underground passageway from assay office building to subtreasury basement vaults, and changes incident thereto in assay office and subtreasury buildings, \$20,000.

The amendment was agreed to.

The next amendment was, on page 39, at the end of line 25, to strike out "\$350,000" and insert "\$400,000," so as to make the paragraph read:

Remodeling, etc., public buildings: For remodeling, enlarging, and extending completed and occupied public buildings, including any necessary and incidental additions to or changes in mechanical equipment thereof, so as to provide or make available additional space in emergent cases, not to exceed an aggregate of \$20,000 at any one building, \$400,000.

The amendment was agreed to.

The next amendment was, under the subhead "Marine hospitals," on page 40, at the end of line 6, to increase the appropriation for improving existing facilities at Carville, La., Marine Hospital No. 66, from \$25,000 to \$31,000.

The amendment was agreed to.

The next amendment was, on page 40, after line 10, to insert:

Boston, Mass., Marine Hospital No. 2: For additional facilities and improving existing facilities, etc., \$31,000.

The amendment was agreed to.

The next amendment was, on page 40, after line 13, to insert:

Chicago, Ill., Marine Hospital No. 5: For additional facilities and improving existing facilities, etc., \$60,000.

The amendment was agreed to.

The next amendment was, on page 40, after line 16, to insert:

Fort Stanton, N. Mex., Marine Hospital No. 9: For tent houses, deep wells, incinerator, toilets and baths, silo, smokehouse, bake oven and shelter, repair and painting of existing facilities, \$50,000.

The amendment was agreed to.

The next amendment was, on page 40, after line 20, to insert:

New Orleans, La., Marine Hospital No. 14: For improving existing facilities, \$15,000.

The amendment was agreed to.

The next amendment was, on page 40, after line 22, to insert: Portland, Me., Marine Hospital No. 16: For inclosing verandas; installation of bedside lighting system, \$6,000.

The amendment was agreed to.

The next amendment was, at the top of page 41, to insert:

San Francisco, Calif.: Marine Hospital No. 19: For improving existing facilities, \$12,000.

Mr. WARREN. There is a change in punctuation in the San Francisco item which should be made. I send the amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated. The READING CLERK. On page 41, line 1, after the word "California," change the colon to a comma.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment was, on page 41, after line 11, under the heading "Quarantine stations," to insert:

Astoria, Oreg., quarantine station: For new kitchen; materials for improvements to electric light plant, including extensions to the bulk Concord, \$4,000.

The amendment was agreed to.

The next amendment was, on page 41, after line 14, to insert:

Galveston, Tex., quarantine station: For improving existing facilities, etc., \$7,350.

The amendment was agreed to.

The next amendment was, on page 41, after line 16, to insert:

Gulf (Ship Island), Miss., Quarantine Station: For refrigerating plant and materials for the installation of electric generator and electric wiring of station; wrecking of hurricane tower; repairs to emergency hospital, water tower, etc., \$8,250.

The amendment was agreed to.

The next amendment was, on page 41, after line 21, to insert:

Reedy Island, Delaware River, Delaware Quarantine Station: For improving existing facilities, etc., \$3,500.

The amendment was agreed to.

The next amendment was, at the top of page 42, to insert:

San Francisco, Calif., Quarantine Station: For additional facilities and improving existing facilities, etc., \$3,000.

The amendment was agreed to.

The next amendment was, on page 42, after line 3, to insert:

San Juan (P. R.) Quarantine Station: For new refrigerating plant, \$3,500.

The amendment was agreed to.

Mr. FLETCHER. Mr. President, I notice on page 16, line 25, if the chairman of the committee in charge of the bill will look at it, there is an error in punctuation. The semicolon should be stricken out and a comma inserted, and the comma after the numeral should be stricken out and a semicolon inserted. The punctuation is just reversed. It is a mere matter of punctuation.

The PRESIDING OFFICER. Without objection, the error in punctuation will be corrected.

The next amendment was, on page 43, at the end of line 7, to strike out "\$75,000" and insert "\$85,000," so as to make the paragraph read:

Vaults and safes: For vaults and lock-box equipments and repairs thereto in all completed and occupied public buildings under the control of the Treasury Department, and for the necessary safe equipments and repairs thereto in all public buildings under the control of the Treasury Department, whether completed and occupied or in course of construction, exclusive of personal services, except for work done by contract or for temporary job labor under exigency not exceeding at one time the sum of \$50 at any one building, \$85,000.

The amendment was agreed to.

Mr. WARREN. Mr. President, I am instructed by the committee to offer an amendment which I will send to the desk. I want to say in explanation that it provides for a fiscal secretary, Secretary of the Treasury, in place of what has been known as "Undersecretary." I ask that the amendment may be read.

The PRESIDING OFFICER. The Secretary will report the amendment.

The READING CLERK. On page 1, line 9, after the numerals "\$12,000," insert the following:

Fiscal Assistant Secretary of the Treasury, to be nominated by the President and appointed by him, by and with the advice and consent of the Senate, who shall hereafter receive compensation at the rate of \$10,000 per annum, and shall perform such duties in the office

of the Secretary of the Treasury as may be prescribed by the Secretary or by law, and under the provisions of section 177, Revised Statutes, in case of the death, resignation, absence, or sickness of the Secretary of the Treasury, shall perform the duties of the Secretary until a successor is appointed or such absence or sickness shall cease, \$10,000."

Mr. FLETCHER. Mr. President, is that in addition to the three assistants that are provided for?

Mr. WARREN. It leaves the three as they are, and the other one was stricken out; that is, "undersecretary" was stricken out, because "undersecretary" is not considered a good term.

Mr. McKELLAR. The amendment gives the title of fiscal secretary?

Mr. WARREN. Fiscal Assistant Secretary of the Treasury.

Mr. FLETCHER. It is not adding a new position?

Mr. SMOOT. No; he is one of the four already in existence. The amendment was agreed to.

Mr. WARREN. I have a small amendment that I wish to offer at this point.

The PRESIDING OFFICER. The Senator from Wyoming offers the following amendment, which the Secretary will report.

The READING CLERK. On page 32, line 2, after the figures "\$332,910," insert:

including the purchase of newspapers and clippings from newspapers containing information relating to the prevalence of disease and the public health.

Mr. McKELLAR. What is the purpose of the amendment?

Mr. WARREN. It is a mere matter of providing that out of the contingent fund they are allowed to buy clippings from newspapers without having to advertise. It is a matter mainly for the Health Service. It is a very trifling matter.

The amendment was agreed to.

Mr. WARREN. Mr. President, may I say that the Senator from Tennessee [Mr. McKELLAR] asked that the proviso on page 2 be passed over, and that we should take it up now, as it is a part of the bill which should be disposed of before we proceed further. We have reached the end of the Treasury Department part of the bill and I wish to settle that matter now.

Mr. McKELLAR. Very well. In order that the matter be brought up, I move to strike out—

Mr. WARREN. Perhaps I should say before proceeding further that the Senator from Utah [Mr. Smoot], who is chairman of the reclassification committee, will explain the matter, except that I may say that the language in this bill is the same that was employed in the Interior Department appropriation bill just passed, and is the same as in all the other bills that have been prepared, and has been adopted by the House, and, of course, becomes a part of the action transferring from the old lines into the new lines of classification.

Mr. McKELLAR. It is an amendment, in effect, to the classification act, and in order that it may be properly before the Senate I make the point of order against the language contained on page 2 of the bill, in line 6, after the numerals "1923," down to and including the end of line 19, in the following words:

the average of the salaries of the total number of persons under any grade or class thereof in any bureau, office, or other appropriation unit, shall not at any time exceed the average of the compensation rates specified for the grade by such act: *Provided*, That this restriction shall not apply (1) to grades 1, 2, 3, and 4 of the clerical-mechanical service, or (2) to require the reduction in salary of any person whose compensation is fixed, as of July 1, 1924, in accordance with the rules of section 6 of such act, or (3) to prevent the payment of a salary under any grade at a rate higher than the maximum rate of the grade when such higher rate is permitted by "the classification act of 1923," and is specifically authorized by other law.

Mr. SMOOT. Mr. President, I think the Senator makes the point of order in order to allow me to explain the provisions of that part of the bill. With the consent of the Chair, I shall do so.

On March 4, 1923, the closing day of the last session of Congress, the act known as the classification act became a law. At that time it was hoped that following the appointment of the Classification Board, which consisted of three persons—one the Director of the Budget, one from the Civil Service Commission, and one from the Bureau of Efficiency—that the reclassification of employees in the District of Columbia would soon be made. The allocations under the bill were made. The pending provision is the result of that allocation under the reclassification

law, and provides appropriations to cover every employee in the District of Columbia.

I want the Senate to understand that the Appropriations Committee have spent not days, not weeks, but I may say months almost in arriving at the salary due every employee in the District of Columbia according to the classification act and the allocation made under that act by your board. I hold in my hand that work. In this document every employee in the District of Columbia in the Government service is set forth, some 64,000 of them, who fall within the grades of the classes according to the classification law. So careful were we that the head of every department, the head of every bureau, and the head of every division reported the number of employees in every grade in every class, and the committee have taken those reports and added them up and made an appropriation to cover every person in the Government service in the District of Columbia according to the reclassification act.

I want to say to the Senate that this provision covers the work:

That in expending appropriations or portions of appropriations contained in this act for the payment for personal services in the District of Columbia in accordance with "the classification act of 1923," the average of the salaries of the total number of persons under any grade or class thereof in any bureau, office, or other appropriation unit shall not at any time exceed the average of the compensation rates specified for the grade by such act.

In other words, we have taken, for instance, class 6, and I think that is about the only class that any of the Senators have been importuned about, and I shall also tell the reasons, if my information is correct, why many employees have appealed to certain Senators and Congressmen in opposition to the provision of the bill under discussion. In class 6, for instance, we have taken every employee in grades 1, 2, 3, 4, 5, 6, and 7. We have made the appropriation for every cent for all the employees in class 6 according to the number of employees there are in class 6 in every one of the seven grades.

In view of the act and in order to carry its provisions, we have here provided that the appropriations are made upon the average of the grade within the class; in other words, if it were not so provided we should not know the exact amount that would be necessary to appropriate. In class 6, for instance, there are seven grades. The law is effective the 1st day of July next, with so many employees in the Government service in the District of Columbia in class 6, with seven grades and a certain number of employees in each grade. If there is a vacancy in the seventh grade there can be a promotion in grade 1 to grade 2, from grade 2 to grade 3, from grade 3 to grade 4, from grade 4 to grade 5, from grade 5 to grade 6, and from grade 6 to grade 7. If there is a vacancy caused for any reason in grade 2 in class 6, there can be only one advance; that is, an employee in grade 1. So, Mr. President, the appropriation was made to cover the number of persons there were in the grades of every class and every grade in every class.

Complaints have come from members of the income-tax unit. I do not say that the letter of Mr. Bright to the employees in that department—

Mr. ASHURST. The letter of whom?

Mr. SMOOT. Of Mr. Bright. He is the deputy commissioner. I do not say that his letter is altogether accurate in that statement that the classification law will prevent him from making promotions. Congress has provided how increases in salary may be made, but some of those employees have told me that their salaries will be decreased. The salaries can not be decreased unless ratings under the classification law bring the employees into a class the salary of which is not equal to the salary which they are to-day receiving. The income-tax unit is the only unit from which I have had any complaint. I have been told, though I do not know that it is true, that the salaries in that unit are higher than any other salaries for similar work in the departments. I do not say that is true; but I do say that there is no employee in the District of Columbia covered by this appropriation bill who is not provided for according to classification and the allocation of every other employee in the District under the reclassification act.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Florida?

Mr. SMOOT. I yield.

Mr. FLETCHER. May I ask the Senator what are the salaries in class 6? The salary I take it depends on the grade.

Mr. SMOOT. There are seven grades in class 6.

Mr. FLETCHER. And how do the salaries run in class 6? The classification act refers to compensation in grades and not according to classes.

Mr. SMOOT. It refers to classes also. The rates of compensation in the grades of class 6 are as follows:

The annual rate of compensation for the positions in this grade shall be, first, \$1,500; second, \$1,560; third, \$1,620; fourth, \$1,680; fifth, \$1,740; sixth, \$1,800; and seventh, \$1,860.

While I am on this subject, I will say to the Senate that in a consolidated report covering every employee in the District of Columbia, as classified and as allocated under the classification act, we have a complete statement showing the increases of salaries as compared with the salaries they are now receiving plus the \$240 bonus.

I may add here that the average increase is a little over 4 per cent; that is, over and above the basic salary provided for in past appropriations, and the \$240 bonus added, there is an excess of a little over 4 per cent. The pending bill provides for the basic salaries as drawn to-day, plus the \$240 bonus, and, on the average, something more than 4 per cent.

Mr. FLETCHER. Do I understand the Senator from Utah to say that the bonus will not be carried hereafter as a bonus?

Mr. SMOOT. Not in the case of Government employees in the District.

Mr. FLETCHER. But it is figured in as a part of the basic salary?

Mr. SMOOT. Yes. We can show to the Senator as to any of the bureaus just what the classification law adds to the salaries of its employees. Some of the increases of salary found in the pending bill are due to the fact that the House of Representatives did not take that into consideration. Under the classification act, the appropriations for some of the bureaus have been increased \$11,000; some of them have been increased \$13,000; some of them have been increased \$23,000; and, I think, one has been increased \$35,000.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. SMOOT. I yield.

Mr. McKELLAR. Do I understand the Senator to say that all of the clerks in all of the departments get at least their present salary, including the bonus, and the 4 per cent increase under the classification act?

Mr. SMOOT. The average increase is 4 per cent, I will say to the Senator. As to some of them, it is more than 4 per cent, and as to some of them, it is less than 4 per cent.

Mr. McKELLAR. But they all get some increase?

Mr. SMOOT. I think there are a few who will not get the increase.

Mr. McKELLAR. But they all would get the increase under the classification act as it stands now and necessarily so?

Mr. SMOOT. I think there are a few of them who would not do so, because they could not qualify for a position necessary.

Mr. McKELLAR. This provision would prevent a great many of them getting the increase?

Mr. SMOOT. Oh, no, Mr. President; this proposed provision of the law will give every single solitary Government employee in the District of Columbia just what he is entitled to under the classification act. I see the Senator from Tennessee has the same circular letter from Mr. Bright to which I referred. I do know that not a person in that division or in any other division or bureau or department of the Government will receive any other salary than that which is provided by the classification act and the allocations under that act.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield further to the Senator from Tennessee?

Mr. SMOOT. I yield.

Mr. McKELLAR. I will give the Senator the case of a constituent of mine from Tennessee as it was given to me. I read from a letter I have received:

I entered the Treasury Department on August 10, 1922, at a salary of \$1,000, plus the \$240 bonus, after several years' service in the War Department at a higher salary. It was understood, however, that an increase would be granted at the end of the six months' period, if warranted. In March, 1923, raises were received by the clerks in my office performing duties identical with mine and whose salaries ranged from \$200 to \$300 higher. On February 16, 1924, certain salary adjustments in grade 9 and up were made, discriminations being shown against the lower-paid clerks, although there is known to be a surplus of \$150,000 on hand in the Treasury appropriations for the fiscal year ending June 30, 1924.

The attached letter places the failure of promotion in the lower grades on the appropriations bill created by the Congress for the fiscal year ending June 30, 1925. Inasmuch as the act is not effective until

July 1, 1924, and the work performed by me has been allocated to grade 7, the minimum salary of which is \$1,500, an increase of at least \$260 at this time is the only equitable adjustment to be made.

Mr. SMOOT. I will say to the Senator that under the provisions of this bill if the employee passes and falls into class 7 with the rate of pay as stated in the letter, this bill provides money to pay it.

Mr. McKELLAR. But here is a letter from Mr. Bright, the deputy commissioner, saying—the employee happens to be a lady in this case—that she will not get it. Of course, I agree with the Senator that she ought to get it, and if it were not for this provision in this bill she would get it; but this provision of the bill will prevent her from getting that adjustment of her salary which she would get with this provision out of it.

Mr. SMOOT. Mr. President—

Mr. McKELLAR. I will ask the Senator to yield to me for a moment further if I may interrupt him.

Mr. SMOOT. Certainly.

Mr. McKELLAR. I am told by others that it brings about this kind of condition in the bureau: Frequently the head of a section will be getting \$200 or \$300 less than the employee under him in that section.

Mr. SMOOT. That can not happen after July 1, 1924.

Mr. McKELLAR. It does happen. It is like the man in jail; he is there.

Mr. SMOOT. But the classification bill will not take effect until July 1, and every employee in the income-tax unit—and the circular letter from Mr. Bright is the only one that, so far as I know, has been written, and I do not know by what authority or for what reason he wrote the letter—

Mr. McKELLAR. It is perfectly apparent why it was written. Under the provisions of this amendment it is really left to the department to fix the salaries.

Mr. SMOOT. Oh, no.

Mr. McKELLAR. When it comes to promotions it is.

Mr. SMOOT. Oh, no.

Mr. McKELLAR. They can promote from one position to another, and the result is that some of the clerks under this provision will be promoted to good places while others will be kept where they are. That is all there is to it. That is what is happening to the employees who are complaining. They know absolutely about it; they know better than either the Senator or I because they are there and are not getting the money.

Mr. SMOOT. The classification act has never been in force, and that can not happen, I will say to the Senator, under the classification act.

Mr. McKELLAR. Not under the classification act, but it can happen under this provision of the bill.

Mr. SMOOT. No; the provision carries out the classification act.

Mr. McKELLAR. If it is a part of the classification act, why put it in this appropriation bill?

Mr. SMOOT. If we did not put it in here in these words we would have to make a direct appropriation for every grade and every class and for the number of employees in each grade and in each class, and that, of course, would be out of the question.

Mr. McKELLAR. The classification act will make uniform promotions, while this provision will enable the chief of a bureau to single out employees and promote them as and when he likes to places that he likes. Some will receive their old salaries while others will go up. Now, that was not the intention of the classification act, as I understand it.

Mr. SMOOT. Just the contrary, and that would be a violation of the law if ever undertaken. There can be no advances under the classification act from one grade or class to another until there is a vacancy in a higher grade or class.

Mr. McKELLAR. Let me ask the Senator a question. The provision reads:

That in expending appropriations, or portions of appropriations, contained in this act for the payment for personal services in the District of Columbia in accordance with the classification act of 1923, the average of the salaries of the total number of persons under any grade or class thereof in any bureau, office, or other appropriation unit shall not at any time exceed the average of the compensation rates specified for the grade by such act.

Suppose the salaries run from \$1,200 to \$1,800—let us take that—then everyone is bound by the average, which is \$1,500?

Mr. SMOOT. Oh, no!

Mr. McKELLAR. That is what it says.

Mr. SMOOT. I can not help what that letter says; the law does not provide so.

Mr. McKELLAR. That is what Mr. Bright, the deputy commissioner, thinks it means, because he is writing to the employees, in advance of the passage of the law, saying that that is what it means.

Mr. SMOOT. If that were what it meant, then there would be only one salary in the whole unit.

Mr. McKELLAR. I am giving the Senator just what he says.

Mr. SMOOT. But it is not right. This is what the provision says: There has been appropriated, I will say, in class 6—because the letter refers largely to class 6—a certain amount of money. It is appropriated for every employee in class 6 in the District of Columbia falling under grades 1, 2, 3, 4, 5, 6, and 7.

We know the number of employees that there are in each of those grades. We have added the employees at the grades to which they were allocated under the classification act, and we have appropriated for that unit every dollar necessary to pay all of the employees in the unit. Now, we say that there shall not be paid more than the average of all of the grades within the class because of the fact that we have taken the number of the employees; there are so many in grade 1, so many in grade 2, so many in grade 3, and the average of that is the amount that we appropriate, not by way of promotions, and the law specifically provides how the promotions shall be made.

If there is a vacancy in grade 2 of class 6, there is only one way of filling it, and that is by taking an employee from grade 1 in class 6 and filling it and then filling the vacancy in grade 1. If there is a vacancy in grade 7 of class 6, then 6 goes to 7, 5 goes to 6, 4 goes to 5, 3 goes to 4, and so on all the way down the line; and there never would be any change in it until there is an appropriation made, and there is an appropriation made for every employee in the Government service in the District of Columbia.

Mr. McKELLAR. Now, if the Senator will yield for a moment, the language means something. There is not any doubt about that. I am frank to say that it is very difficult for me to understand what it does mean. I doubt if the Senator knows what it means, as learned and as astute as he is and as much knowledge as he has about these things; and I very frankly say that I think the Senator is well informed on this subject. Mr. Bright does not think it means what the Senator says, because here is what he says. Listen to this:

On February 16, 1924, certain salary adjustments became effective. In arriving at these adjustments it has not been possible to make all of the promotions which the bureau had hoped to make. In order that there may be no misunderstanding, I assure you that the failure of many deserving employees to receive promotions contemplated at this time has been due entirely to the unavoidable conditions created by an act of Congress.

That act of Congress had not been passed when that was written, because these employees would have all had those promotions if the act of Congress had been carried out.

Mr. SMOOT. Oh, no; that is not what it says.

Mr. McKELLAR. But Mr. Bright is undertaking now to put the blame upon the Congress before the Congress actually authorized the legislation which he desires, or which the department desires, to be put into this bill.

Now I come to the practical question.

Mr. SMOOT. Let me answer that first.

Mr. McKELLAR. Just one moment and then I will. The practical question is this:

The Senator and Mr. Bright evidently differ about this matter. So far as I am concerned, if it will help the matter along I will frankly say that I am not well enough advised to be certain about it myself. Surely when the head of a department or the real head of a department and a man who knows as much about it as the Senator from Utah differ, an ordinary wayfaring man like myself can not be presumed to know the true meaning of the language. Why does not the Senator let this go out, and frame in conference a provision that the Senator will understand and Mr. Bright will understand and all will understand? That is the way to handle it. It ought to go out.

Mr. SMOOT. No; this is the only way to handle it, and this is the only way we can ever make an appropriation to cover every employee of the Government. If Mr. Bright refers to the reclassification act of Congress, there may be cases of employees in his department who, following the examination and the allocation, will fall into a lower grade, the salary of which is less than they are being paid to-day. It can not be any other way. There may be some employees in his unit who have been advanced before any reclassification bill was passed and who are receiving more than they are entitled to

receive under the reclassification act. I have not heard of a single other department of the Government where that is the case, and I am told that that is the very unit where that has been true in the past. They are bound to receive an increase of pay from what they are getting to-day if their examination under the reclassification act and the allocations lets them fall into a grade or a class that receives an amount higher than they are receiving to-day.

The Senator knows that when the reclassification bill was under consideration here the Senate committee reported a provision in the reclassification bill that there should be at no time a decrease of any employee from the amount he is now receiving. That was rejected on the floor of the Senate. It was objected to by the Senate, and was taken out; and, if Senators will remember, a number of cases were pointed to at the time where employees were drawing salaries and doing very little work. Some of the employees here were being paid not for the amount of work they did but because of the fact that they were old soldiers, for one thing. Then I have in mind two or three cases where women, widows of soldiers, were drawing salaries higher than the work would justify.

The Senate thought at the time the provision just referred to was not right, and that if any employee in the Government service could not take an examination and fall within the class and grade that would give him the salary he is now receiving he ought, in justice to every other employee in the Government service, to go to the grade to which his ability carried him. Furthermore, Mr. President, I will say that this provision will go into every one of the appropriation bills, and no employee of the Government in the District of Columbia can ever find fault with the appropriations that will be made, for we will make them according to the classification and the allocation that is made in every division, in every bureau, in every department of the Government.

Mr. HARRISON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Mississippi?

Mr. SMOOT. Yes.

Mr. HARRISON. Of course, the Senator realizes that this is a very important proviso. We have passed the reclassification bill. It is now the law. Various employees will come within this class or that class, and each class will get so much money, and so on. The Senator construes this language to mean one thing. The departments up here construe it, according to the Senator from Tennessee [Mr. McKELLAR], to mean something else. At least, there is some doubt about it. I have had delegations of employees come to me, and I know that they place the same construction on it, and, as the Senator from Tennessee has pointed out, they have been led by the head officers in these departments to believe that that construction was correct.

That not being true, and the language not being plain even to the distinguished Senator from Tennessee and myself—which is not saying very much for it so far as I am concerned—

Mr. McKELLAR. Nor I.

Mr. HARRISON. Anyway, if the Senate adopts this proposition the provision can not go into conference. Does not the Senator think that if there is any doubt about it it might be well just to strike out this provision and let the matter go to conference? The Senator from Utah will be one of the conferees, and then it can be worked out so as to remove all doubt about the matter.

Mr. SMOOT. We have passed one appropriation bill now with this identical language in it.

Mr. McKELLAR. But, Mr. President, that was overlooked. Attention was not brought to it.

Mr. SMOOT. Oh, no; it was not overlooked.

Mr. McKELLAR. A Member of the House—a very able and distinguished Republican Member from the State of Missouri, one of the most accomplished men in the Congress—was over here just a few moments ago, and he said that the provision in the Interior Department appropriation bill had entirely escaped his attention and that of other Members of the House of Representatives, and that he thought the matter ought to go to conference and be straightened out. We ought to be careful to treat these employees fairly and justly. We ought not to put in a provision here simply because we have made a mistake, possibly, in another case. If that has been done, we ought not to make the same mistake here, because this one refers to a large class of employees.

I will say that I have seen dozens of employees from my own State who were affected by this act. To use the description of one of them, the department had virtually divided the employees in that particular bureau or section or division into the sheep and the goats. The sheep are those that got increases

of salary under the reclassification act; the goats are those who did not, and there are a lot of them in the goat faction. That was not the intention of the act at all. It can all be ironed out in conference; and I suggested before the Senator from Mississippi [Mr. HARRISON] came in that we strike out this provision and let it go to conference.

Mr. SMOOT. I want to say to the Senator that when the first bill, the appropriation bill for the Interior Department, was before the House of Representatives, Mr. MADDEN spent over an hour explaining to the House just exactly what this provision meant.

Mr. McKELLAR. It was not argued here in the Senate at all, as I remember.

Mr. SMOOT. No; it was not, because nobody asked the question, and I thought it was so simple that nobody would want an explanation of it.

Mr. HARRISON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Mississippi?

Mr. SMOOT. I do.

Mr. HARRISON. The Senator's explanation is splendid. I do not see how anybody could complain about that. He says that these parties are going to be placed and given pay according to their classification and that when some one drops out in the higher grade they will be promoted, and so forth; but the employees have a different idea about it, and they gathered that impression from the higher ups.

Mr. McKELLAR. From Mr. Bright, the deputy commissioner.

Mr. HARRISON. If there is any doubt about the language of the proposition, it does seem to me that it could be stricken out and the Senators could get together in conference, because they are going to write what they want anyhow, and they could have these people before them and come to the same conclusion that the Senator from Utah has reached.

Mr. SMOOT. Mr. Bright was in my office with about 30 of the employees from his unit. I think Mr. Bright's opinion is changed since that conference. It may not be, however. The first part of that letter must refer to the reclassification act.

Mr. McKELLAR. Oh, no; it says here that he had expected to do the contrary, but that it can not be done owing to a provision in the appropriation bill. He is referring to this appropriation bill that is not yet passed.

Mr. SMOOT. Mr. President, he had no right to promise any employee in his unit that he would increase his salary unless the employee's rating under the reclassification act carried him there.

Mr. McKELLAR. Oh, he had not promised them at all to increase their salaries.

Mr. SMOOT. The only person that can be harmed, or whose salary will be reduced under this provision, is one that is drawing more money to-day than he is entitled to under the reclassification and the allocation given him. It can not apply to any other employee in the District of Columbia.

Mr. McKELLAR. I have just read Mr. Bright's letter—

Mr. SMOOT. I do not care what Mr. Bright says in his letter.

Mr. McKELLAR. And I have just read from the employee who says that she is not getting what she ought to get.

Mr. SMOOT. Then she will get it after July 1, because she is appropriated for according to the class and grade for which she passed her examination.

Mr. McKELLAR. Mr. President, there can not be any doubt about what Mr. Bright was referring to—

Mr. SMOOT. I do not care what he is referring to.

Mr. McKELLAR. Because he says in his letter that the act referred to is the bill making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1925.

Mr. SMOOT. I am not going to take the time to call attention to the debate in the House, but there are pages and pages of it, because of the fact that the House wanted to know just exactly what the provision was and how it was arrived at.

Mr. WARREN. Mr. President, will the Senators in the meantime allow me one moment? Taking this amendment on page 2, starting on line 11:

That this restriction shall not apply (1) to grades 1, 2, 3, and 4 of the clerical-mechanical service, or (2) to require the reduction in salary of any person whose compensation is fixed as of July 1, 1924.

Here in the classification act is a plain statement of what shall be done:

1. In computing the existing compensation of an employee, any bonus which the employee receives shall be included.

2. If the employee is receiving compensation less than the minimum rate of the grade or class thereof in which his duties fall, the compensation shall be increased to that minimum grade.

3. If the employee is receiving compensation within the range of salary prescribed for the appropriate grade at one of the rates fixed therein, no change shall be made in the existing compensation.

4. If the employee is receiving compensation within the range of salary prescribed for the appropriate grade, but not at one of the rates fixed therein, the compensation shall be increased to the next higher rate.

Mr. McKELLAR. If that is the law, why not leave that the law? Why amend it by this?

Mr. SMOOT. In order to arrive at some amount we can appropriate; and the only way we can arrive at the exact amount is exactly in the way in which we have arrived at it. This is what the law provides:

The head of each department shall allocate all positions in his department in the District of Columbia to their appropriate grades in the compensation schedules and shall fix the rate of compensation of each employee thereunder, in accordance with the rules prescribed in section 6 herein.

What is section 6? Section 6 provides:

All new appointments shall be made at the minimum rate of the appropriate grade or class thereof.

If the Senate will remember, I called particular attention to that. I said at the time that I thought there should be elasticity in the act; that if a position were allocated in class 6, grade 1, if you please, and the person taking it was exceptionally good, developed rapidly in the work which she was called upon to do, even more rapidly than perhaps others who were in that grade, I thought it would be proper that there should be a reexamination for a reclassification and that she should take the place to which she was entitled under that reexamination. But that is not the law.

Mr. McKELLAR. May I ask the Senator a question?

Mr. SMOOT. Certainly.

Mr. McKELLAR. I am informed that the gist of this matter is that the allocations for each grade or division, instead of having been made under the reclassification law, have been made according to a rule laid down by the Bureau of Efficiency.

Mr. SMOOT. That is what the law says shall be done.

Mr. McKELLAR. No; the law says how it shall be done; but the Bureau of Efficiency has adopted a different method from that fixed in the law, and that method is found in the language which is here complained of, which virtually changes the law to conform to an opinion of the Bureau of Efficiency. If that is true, that ought not to be done in the bill.

Mr. SMOOT. I will say to the Senator that that is not an accurate statement of the situation.

Mr. McKELLAR. I have the authority of a Member of the House who has discussed this matter, and who knows, I think, what he is talking about. If it were not for some change of the reclassification law it would not be in here. In other words, if it was for the purpose of carrying out the reclassification law why put it in this appropriation bill? It ought not to be in this bill.

Mr. SMOOT. That is just its object—to carry out the reclassification law.

Mr. McKELLAR. We do not need another bill. We do not have to pass another bill here to carry out the provisions of a law already in existence.

Mr. SMOOT. No, Mr. President, but we have to make an appropriation in order to pay the employees who have been classified under the reclassification act, and we are making the appropriation here to carry that law out. If the appropriation were not made, of course there would not be any employment given as provided in the reclassification act.

Mr. SHIPSTEAD. What is this reclassification act? I do not mean this provision; but has there not been proposed a measure providing for reclassification?

Mr. SMOOT. The field service has not been reclassified, and we will have to make our appropriations direct, as we have in the past, plus the bonus, for paying the field service; but every employee in the District of Columbia has been classified. Not only that, but under the law if any employee of the Government is dissatisfied with her classification she has a perfect right to appeal to the board.

While I am on this question I want to take up another question, because I have been asked to do so. There have been criticisms leveled at the board because of the fact that the field employees have not been classified. Mr. Wittner, an employee of the Government, appears in the public print

very often. He seems to be leading the criticism against the board. I care not whether the opposition comes from Mr. Wittner or some one else, I know that the law has been carried out as near as it could be in the time allowed.

I have here a tentative compensation schedule for estimate purposes which was put out by the board for the field service. What is the law in relation to the field service? This is what the law provides:

The board shall make a survey of the field service, and shall report to Congress at the first regular session following the passage of this act schedules of positions and grades and salaries for such services, which shall follow the principles and rules of the compensation schedules herein contained, in so far as these are applicable to the field service.

No such words as these are used as to the employees of the District of Columbia. The provision as to the employees in the District of Columbia is found in the same section.

Mr. BROOKHART. Mr. President, I can not quite understand why this provision on page 2 is necessary to bring this under the reclassification act, notwithstanding what the Senator has just said. In some way the employees in the District of Columbia are to be reclassified in that act, are they not?

Mr. SMOOT. Every employee in the District of Columbia is classified, and they are set forth in this document which I have in my hand. It shows just what grades each and all fall into.

Mr. BROOKHART. In some particulars this language from lines 3 to 19 changes the provision of the reclassification act.

Mr. SMOOT. Not in the least as to the District of Columbia, and that is all we are appropriating for.

Mr. BROOKHART. It will not hurt anything to strike it out, then.

Mr. SMOOT. It will, because we say that the amount of money shall be the average of each grade in each class as allocated by the reclassification board. If that language were not there, as I said before, we would have to take up all the different classes and every grade in a class and have so many of grade 1, 2, 3, 4, 5, 6, and 7 in each of the classes.

Mr. BROOKHART. Is all this language for the sole purpose of fixing the amount of money paid to employees in the District?

Mr. SMOOT. For the employees in the District of Columbia.

Mr. BROOKHART. It has no reference whatever to fixing the grade of pay or promotion?

Mr. SMOOT. No. They have had their examinations, and each one of them falls within a particular grade or class, and for that grade or class the compensation is specifically stated, the employees will get the compensation specified, and we are now appropriating for it.

Mr. McKELLAR. I think the language of the amendment itself and the letter of the deputy commissioner who has charge of the matter makes it perfectly apparent that there is something wrong about this matter.

Mr. SMOOT. Charge of what?

Mr. McKELLAR. Saying—

Mr. SMOOT. What has he charge of?

Mr. McKELLAR. He is in charge of all the employees in the Internal Revenue Department.

Mr. SMOOT. Oh, no; just in the income-tax unit.

Mr. McKELLAR. The commissioner in charge of the income-tax unit. That is commonly called the revenue department. The other is called the customs department. We have just had some discussion about that.

Mr. SMOOT. Mr. President, we are not hearing from any of the other departments, and I have given the reason already why we hear from the one to which the Senator refers.

I will say to the Senator from Iowa that no employee, unless he is receiving more money than he is entitled to under the reclassification act, can complain of this provision. If he is receiving more than his examination would entitle him to, of course under the reclassification act he will be demoted.

Mr. BROOKHART. I think the Senator is seeking to accomplish the same purpose I have in view, but some way or other I have not been able to figure it out of this language.

Mr. SMOOT. I will show the Senator that the language will appropriate the money for every single employee in the District of Columbia according to the reclassification act and according to the examination taken by every employee.

Mr. Wittner has had a great deal to say about violation of the reclassification act and takes it upon himself to speak for the Government employees. I do not want to go into the qualifications of this man, or his character even, but I did take

occasion to inquire into his qualifications and as to who he was, because he had so much adverse criticism in the press about men who were working sometimes 16 hours out of the 24 and worked every Sunday and every night for months to secure a workable classification act that would do justice to every employee. I will content myself by simply saying that every one of the five men to whom he asked the Civil Service Commission to write to testify as to his character reports against the man, and I have copies of their reports.

Mr. McKELLAR. Mr. President, that has no connection with this particular matter.

Mr. SMOOT. No; but I am now taking up the question of the field service.

Mr. McKELLAR. I never heard of the matter, so I have no objection in the world to the Senator putting it in.

Mr. SMOOT. Congressman MADDEN, Senator WARREN, and myself, members of the Appropriations Committees of the two Houses, were in Washington in July and this tentative compensation schedule for estimate purposes was placed in my hands. Just as soon as this was issued protests were received from the State Department, from the Commerce Department, from the War Department, and from the Navy Department calling attention to what the result would be if the tentative rates were put into operation and what it would do to employees of the Government and to those employed outside of the Government in certain localities. Let me call attention to only one of the many, many things. For instance, the tentative rate as to a cook was as follows: The entrance rate is \$1,320; grade 2 is \$1,380; grade 3, \$1,440; grade 4, \$1,500; grade 5, \$1,560; grade 6, \$1,620; grade 7, \$1,680. When I called attention to that fact to a member of the civil service he said, "No; that only applies to a head cook." I said, "No; it does not. Turn to the next page and you will find the head cook provided for." And what provision was made for the head cook? He starts in at \$1,500 and winds up at \$1,860.

Take the employees in the Philippine Islands; in fact, take the employees anywhere outside of the United States proper, and under this tentative schedule they would be paid wages that would upset all the salary schedules in force. I heard one of the southern Senators say, "Suppose they put this rate into effect in the South to pay a cook \$1,320, what would it do to us there?"

So the members of the Appropriations Committee who were in Washington went to General Lord and called his attention to the tentative schedules. It was concluded that this schedule could not be put in force, and the time for the Budget to make a report to Congress, as provided by law, would not give time to make the field classification of all the Government employees, no matter where located. What was to be done?

A classification of all the Government employees in the District of Columbia could be made in time and that was done as required by the reclassification act. Every examination paper of every employee of the Government in the District of Columbia was examined and allocation made for every employee, and I have here the result. Appropriations for every Government employee in the District of Columbia will be made and every dollar they are entitled to under their examinations and the allocations made under the reclassification act.

I do not know what could be done more than has been done. The pending amendment simply appropriates the necessary funds to carry out the law. I am the last person in the world to want low wages.

Mr. BROOKHART. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Iowa?

Mr. SMOOT. I will yield in just a moment. I want the employees of the Government to be the best paid employees in all the world. I want their conditions and their surroundings to be the best in all the world. But I want the employees, on the other hand, to give the best that is in them to the Government. I want every employee to be classified and when that classification is made and the employee comes within a class the only thing the committee can do is to appropriate the money to pay for the position he is entitled to through his examination.

I now yield to the Senator from Iowa.

Mr. BROOKHART. I would like to inquire of the Senator what the particular reasons are for excepting grades 1, 2, 3, and 4 of the clerical mechanical service?

Mr. SMOOT. That, I will say to the Senator, is on account of the per diem pay. They are paid so much per day. There is quite a number of them in the District of Columbia. For instance, a few are hired just a few days in the year for cleaning the snow off the streets, and so forth. They are not classified, but they are paid per diem.

Mr. McKELLAR. Mr. President, upon more careful examination I am convinced that the point of order is not well taken, and I therefore withdraw it.

The PRESIDING OFFICER. Without objection the point of order is withdrawn.

Mr. McKELLAR. I now move to strike out, on page 2, line 6, the words following the figures "1923" down to the end of line 19, being the language against which I made the point of order just withdrawn.

The PRESIDING OFFICER. Is there objection to the present consideration of the amendment? The Chair hears none. The question is on agreeing to the amendment offered by the Senator from Tennessee.

Mr. TRAMMELL. Mr. President, from the explanation that has been made here this afternoon by the Senator from Utah [Mr. Smoot] it would seem that the reclassification act, in many instances, has produced probably different results from what I understood it would. I do not know that we can remedy the situation at the present time. From information which I have received from different sources, it appears that under the reclassification act those who have been unfortunate enough to have received the smaller salaries have had their misfortunes doubly increased under the administration of the reclassification act.

For instance, I had brought to my attention the case of one person who entered the service at a salary of \$1,100. This person was in another branch of the service receiving a salary of some \$1,500 or \$1,600 per annum. They were curtailing the force within that particular department, and properly so. This person received a transfer and under the rules had to enter the new department at the minimum salary of \$1,100 a year. That person had been in the service some two years and had made an excellent record and had a splendid grade, but under the administration of the reclassification act other persons who were more fortunate in getting promotions within that time are drawing \$1,400 or \$1,500 a year and instead of being reclassified and put upon a just basis they are getting three or four hundred dollars a year more.

Mr. SMOOT. No matter who told the Senator that, it is not possible under the reclassification act. That woman, if the person to whom the Senator refers is a woman, took the examination and would be classified according to the examination that she herself passed. She will be paid under the classification act in the grade of the class in which she passes. There is no head of any department and there is no one on earth who can keep her out of it. The appropriation bill carries the money to pay her on that basis.

Mr. TRAMMELL. How was the grade ascertained?

Mr. SMOOT. It was ascertained by her own examination.

Mr. TRAMMELL. Does the Senator mean on the part of the unit head or the board assembled by the unit?

Mr. SMOOT. Certainly, under the law. I want to say to the Senator that that woman has a perfect right to appeal to the board if she does not think her allocation is right under the classification.

Mr. TRAMMELL. I heartily agree with the Senator on that, but I say that a number of instances have come to my attention where it seems that because they were unfortunate enough to be on a minimum salary, they are retained at the minimum salary regardless of their record, regardless of the fact that they execute as much work and do their work as capably and efficiently as other clerks who get \$300 or \$400 a year more salary. I supposed that reclassification meant that we were going to exercise some spirit of fairness and justice, and that we were not going to keep all salaries at the minimum for those who were unfortunate enough to be drawing the minimum salary for the service they were performing, when they were performing the same work and just as efficiently as others who had been fortunate enough heretofore to get an increase of probably \$300 or \$400 a year.

We can say whatever we please about the question of classification and promotion, but in almost a majority of the instances, from my observation of the situation in Washington, it is a result of favoritism and not the result of efficiency and competency. I was in hopes that we would get away from favoritism and have justice extended to the employees. My impression has been from the information I have received that the same old policy of favoritism has followed through the classes of reclassification. I wish there was some way to stop it, so that all could be treated fairly and justly.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee [Mr. McKellar].

On a division the amendment was rejected.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, under the subhead "Office of the Postmaster General," on page 51, at the beginning of line 13, to strike out "\$201,740; in all, \$213,740," and to insert "\$207,740; in all, \$219,740," so as to make the paragraph read:

Postmaster General, \$12,000; for personal services in the office of the Postmaster General in the District of Columbia in accordance with "the classification act of 1923," \$207,740; in all, \$219,740.

The amendment was agreed to.

The next amendment was, under the subhead "Salaries in bureaus and offices," on page 52, line 2, to increase the appropriation for personal services in the District of Columbia, in accordance with the classification act of 1923, in the office of the First Assistant Postmaster General from \$387,500 to \$396,500.

The amendment was agreed to.

The next amendment was, on page 52, after line 13, to strike out:

In expending appropriations in the foregoing paragraphs under this title for personal services in the District of Columbia, in accordance with "the classification act of 1923," the number of persons in grades of the professional and scientific service above grade 2 shall not exceed 10 in the aggregate, and the number of persons in grades of the clerical, administrative, and fiscal service above grade 7 shall not exceed 56 in the aggregate.

The amendment was agreed to.

The next amendment was, on page 56, at the end of line 8, to strike out "\$445,000" and to insert "\$455,000," so as to make the paragraph read:

For travelling expenses of inspectors, inspectors in charge, and the chief post-office inspector, and for the traveling expenses of four clerks performing stenographic and clerical assistance to post-office inspectors in the investigation of important fraud cases, \$455,000.

The amendment was agreed to.

The next amendment was, under the subhead "Office of the First Assistant Postmaster General," on page 57, at the end of line 13, to increase the appropriation for compensation to watchmen, messengers, and laborers from \$5,600,000 to \$5,759,150.

The amendment was agreed to.

The next amendment was, on page 57, at the end of line 20, to increase the appropriation for allowances to third-class post offices to cover the cost of clerical services from \$4,400,000 to \$4,500,000.

The amendment was agreed to.

The next amendment was, on page 57, at the end of line 22, to increase the appropriation for rent, light, and fuel for first, second, and third class post offices from \$14,000,000 to \$14,416,600.

The amendment was agreed to.

The next amendment was, on page 57, at the end of line 24, to increase the appropriation for miscellaneous items necessary and incidental to post offices of the first and second classes from \$900,000 to \$935,000.

The amendment was agreed to.

The next amendment was, on page 58, at the end of line 6, to increase the appropriation for car fare and bicycle allowance, including special-delivery car fare, from \$950,000 to \$980,000.

The amendment was agreed to.

The next amendment was, under the subhead "Office of the Second Assistant Postmaster General," on page 59, after line 18, to insert:

For the operation and maintenance of the airplane mail service between New York, N. Y., and San Francisco, Calif., via Chicago, Ill., and Omaha, Nebr., including necessary incidental expenses and employment of necessary personnel, \$1,500,000.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. McKELLAR. Mr. President, if it is in order, I should like to propose to amend the amendment by inserting the sum of \$3,000,000 instead of \$1,500,000. My reason for that is that the air mail service—

Mr. WARREN. May I say to the Senator from Tennessee that an amendment has been prepared which carries into effect a suggestion which has been adopted by the committee, and it has been agreed that it shall be offered by the Senator from Colorado [Mr. Phipps]?

Mr. PHIPPS rose.

Mr. McKELLAR. I did not know that, and I yield to the Senator from Colorado.

Mr. PHIPPS. I propose to offer the amendment later. It was presented by me some time ago and has been printed.

Mr. WARREN. The amendment intended to be proposed by the Senator from Colorado comes by consent of the full committee, I wish to say to the Senator from Tennessee.

Mr. McKELLAR. I understand. The idea is to permit the committee amendment to be agreed to, and that then the amendment providing for the night air mail service shall afterwards be offered by the Senator from Colorado.

Mr. PHIPPS. That amendment will be offered in its proper order.

Mr. WARREN. It has already been agreed to by the committee.

Mr. McKELLAR. The amendment has not been adopted by the Senate, though it has been agreed to by the committee.

Mr. WARREN. I understand that the amendment providing for the appropriation of the first half of the \$3,000,000 has been adopted.

Mr. McKELLAR. No; it has not as yet been adopted; and I thought the same result could be reached by inserting "\$3,000,000" instead of "\$1,500,000" as provided in the pending amendment. However, I am perfectly willing that the procedure shall take the course suggested by the Senator from Wyoming.

The PRESIDING OFFICER. Without objection, the committee amendment is agreed to.

The reading of the bill was resumed. The next amendment of the Committee on Appropriations was, on page 61, line 3, to increase the appropriation for transportation of foreign mails by steamship, aircraft, or otherwise from \$7,500,000 to \$7,800,000.

The amendment was agreed to.

The next amendment was, under the subhead "Office of the Fourth Assistant Postmaster General," on page 64, line 24, to strike out "\$500,000" and to insert "and for operating expenses of engineering and technical personnel engaged in experimental and research activities, \$600,000," so as to make the paragraph read:

For rental, purchase, exchange, and repair of canceling machines and motors, mechanical mail-handling apparatus and other labor-saving devices, including cost of power in rented buildings and miscellaneous expenses of installation and operation of same, including salaries of five traveling mechanicians and for per diem allowance of traveling mechanicians while actually traveling on official business away from their homes and their official domiciles, at a rate to be fixed by the Postmaster General, not to exceed \$4 per day, and for operating expenses of engineering and technical personnel engaged in experimental and research activities, \$600,000.

The amendment was agreed to.

The next amendment was, on page 65, line 12, after the name "District of Columbia," to strike out "\$1,750,000" and to insert "\$1,960,000," so as to read:

For the purchase, manufacture, and repair of mail bags and other mail containers and attachments, mail locks, keys, chains, tools, machinery, and material necessary for same, and for incidental expenses pertaining thereto, also material, machinery, and tools necessary for the manufacture and repair in the equipment shops at Washington, D. C., of such other equipment for the Postal Service as may be deemed expedient; for compensation to labor employed in the equipment shops at Washington, D. C., \$1,960,000.

The amendment was agreed to.

The next amendment was, on page 66, at the beginning of line 2, to strike out "\$500,000" and to insert "\$300,000," so as to make the paragraph read:

For pay of rural carriers, substitutes for rural carriers on annual and sick leave, clerks in charge of rural stations, and tolls and ferriage, Rural Delivery Service, and for the incidental expenses thereof, \$89,250,000, of which amount \$300,000, or so much thereof as may be necessary, shall be immediately available for the establishment of new routes recommended and approved by the department.

The amendment was agreed to.

The reading of the bill was concluded.

The PRESIDING OFFICER. The committee amendments have been completed. The bill is before the Senate as in Committee of the Whole, and is still open to amendment.

Mr. PHIPPS. I now desire to offer the amendment which I send to the desk, and ask that it may be read.

The PRESIDING OFFICER. The amendment proposed by the Senator from Colorado will be stated.

The READING CLERK. On page 59, after line 23, it is proposed to insert the following:

For an additional amount for the installation, equipment, and operation of the airplane mail service by night flying, and to enable the

department to make the additional charges for both night and day service on first-class mail matter, in accordance with existing law, \$1,500,000.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado.

The amendment was agreed to.

Mr. DILL. I desire to know whether the adoption of this amendment increases the total appropriation to \$3,000,000?

Mr. PHIPPS. The adoption of the amendment increases the total appropriation to \$3,000,000, and will also enable the department to charge additional rates for mail matter transportation by the Air Service.

Mr. BROUSSARD. I desire to inquire if there is any fund in the appropriation to take care of a route between New Orleans and the quarantine station where the airplanes meet ships that are detained there for 24 hours.

Mr. WARREN. That is provided for by the post-office service.

Mr. PHIPPS. It comes under different items and is cared for.

Mr. BROUSSARD. If it is cared for, I am satisfied.

Mr. SHIPSTEAD. On page 39, line 1, I move that the numerals "\$10,000" be stricken out and that "\$15,000" be substituted therefor.

The PRESIDING OFFICER. The amendment proposed by the Senator from Minnesota will be stated.

The READING CLERK. On page 39, line 1, after the word "exceeding," it is proposed to strike out "\$10,000" and to insert "\$15,000," so as to make the clause read:

Fairmount, Minn., post office: The Secretary of the Treasury is authorized to pay from amounts heretofore appropriated for the purchase of a site and construction of a building for post-office purposes at Fairmount, Minn., a sum not exceeding \$15,000 for the purchase of a suitable site.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. WARREN. As I understand, that does not at all exceed the limit which has been heretofore fixed by law, and I have no objection to the amendment.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. WARREN. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment proposed by the Senator from Wyoming will be stated.

The READING CLERK. On page 61, line 18, after the words "Postmaster General," it is proposed to insert:

and to be accounted for on his certificate, which certificate shall be conclusive on the accounting officers of the United States.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. McKELLAR. Mr. President, will the Senator from Wyoming, in a word, state what the amendment proposes?

Mr. WARREN. I ask that the amendment may again be read.

Mr. McKELLAR. After that shall have been done, I should like to have the Senator from Wyoming give an explanation of it.

The PRESIDING OFFICER. The amendment proposed by the Senator from Wyoming will again be stated.

The reading clerk again read the amendment.

Mr. McKELLAR. As I understand, the amendment refers to the appropriation for the expenses of delegates to the Universal Postal Congress at Stockholm?

Mr. WARREN. Yes.

Mr. McKELLAR. That is entirely satisfactory to me.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. WARREN. I offer another amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment proposed by the Senator from Wyoming will be stated.

The READING CLERK. On page 57, line 22, after the numerals "\$14,416,600," it is proposed to insert the following proviso:

Provided, That hereafter rental of post-office premises under lease may be paid monthly.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. BROUSSARD. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment proposed by the Senator from Louisiana will be stated.

The SECRETARY. On page 21, line 12, after the word "notwithstanding," it is proposed to insert the following proviso:

Provided further, That none of the money here appropriated shall be expended in the commission of acts which are in violation of the national prohibition act nor for inducing others to violate the provisions of said national prohibition act.

Mr. BROUSSARD. I hope the chairman of the committee will have no objection to accepting the amendment.

The PRESIDING OFFICER. Without objection, the amendment will be agreed to.

Mr. McKELLAR. May I ask that the amendment be again stated? My attention was temporarily diverted to another matter.

Mr. BROUSSARD. I understand that the Chair has stated that the amendment was agreed to.

Mr. McKELLAR. But the Senator would not object to letting it again be read?

The PRESIDING OFFICER. The Senator from Tennessee was on his feet when the Chair made the announcement.

Mr. McKELLAR. My attention was temporarily diverted.

The PRESIDING OFFICER. The amendment proposed by the Senator from Louisiana will be stated.

The reading clerk again read the amendment.

Mr. WARREN. Mr. President, in the House of Representatives that amendment, perhaps, would come under the Holman rule, but I think it transgresses our rule as to legislation on an appropriation bill.

The PRESIDING OFFICER. Does the Senator from Wyoming make a point of order against the amendment?

Mr. WARREN. I will not make a point of order, as the amendment may be considered in conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana.

The amendment was agreed to.

Mr. WARREN. Mr. President, I desire to bring to the attention of the Senate an amendment which was considered in the committee and was unanimously agreed to, so far as those present were concerned, although one or two Senators were absent, and the chairman of the committee was instructed to offer it on the floor of the Senate.

Some years ago there was installed from time to time in certain of the post offices in the larger cities in the United States what is known as the pneumatic tube service. That service was suspended for a time and then, later, was reinstalled in one or two of the cities. After a hearing we decided to present the recommendation of the committee in behalf of the transmission of mail by such tubes in the cities of Philadelphia and Boston at a total cost of \$245,000, the expenditure in Boston for this purpose to be limited to \$20,000. I send the amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The READING CLERK. On page 58, after line 13, it is proposed to insert the following:

For the transmission of mail by pneumatic tubes or other similar devices in the cities of Philadelphia, Pa., and Boston, Mass., at an annual rate of expenditure not in excess of \$18,500 per mile of double lines of tubes, including power, labor, and all other operating expenses, \$245,000, of which not more than \$20,000 shall be available for expenditure in the city of Boston: Provided, That the provisions not inconsistent herewith of the acts of April 21, 1902, and May 27, 1908, relating to the transmission of mail by pneumatic tubes or other similar devices shall be applicable hereto.

Mr. McKELLAR. Mr. President, I am compelled to make a point of order against the amendment. It is clearly new legislation and is subject to the point of order.

The PRESIDING OFFICER. The Chair sustains the point of order.

Mr. LODGE. Mr. President, I do not wish to discuss the point of order. I merely wish to say that I think the amendment ought to be incorporated in the bill, and also an amendment which was left with me by the Senator from Missouri [Mr. SPENCER], making similar provision for St. Louis. I ask that the amendment which I send to the desk may be read. It can be disposed of at the same time as the amendment offered by the Senator from Wyoming.

The PRESIDING OFFICER. The amendment will be stated.

The READING CLERK. On page 58, line 13, after the numerals "\$526,373.25," it is proposed to insert:

And for the city of St. Louis, Mo., \$80,000.

Mr. McKELLAR. I make the same point of order against that amendment.

The PRESIDING OFFICER. The Chair sustains the point of order.

Mr. WARREN. I ask unanimous consent that the Secretary be authorized to correct all totals in the bill.

The PRESIDING OFFICER. Without objection, the Secretary will be authorized to correct the totals in the bill.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

HOURLY MEETING ON SUNDAY.

Mr. PHIPPS. Mr. President, when the Senate agreed to set aside Sunday next, March 9, on which to hold memorial services for the late Senators NELSON and NICHOLSON the hour was fixed for 12 o'clock. I ask unanimous consent that the hour may be changed so that the Senate may meet at 11 o'clock on Sunday morning next.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Colorado. The Chair hears none, and it is so ordered.

EXECUTIVE SESSION.

Mr. LODGE. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 10 minutes spent in executive session the doors were reopened.

ADJOURNMENT TO SUNDAY.

Mr. LODGE. I move that the Senate adjourn until 11 o'clock a. m. on Sunday, when memorial exercises will be held on the late Senators NELSON and NICHOLSON.

The motion was agreed to; and (at 4 o'clock and 40 minutes p. m.) the Senate adjourned until Sunday, March 9, 1924, at 11 o'clock a. m.

NOMINATIONS.

Executive nominations received by the Senate March 7 (legislative day of March 6), 1924.

PROMOTIONS IN THE REGULAR ARMY.

To be colonel.

Lieut. Col. Ernest Eddy Haskell, Infantry, from March 1, 1924.

To be lieutenant colonels.

Maj. Emmet Roland Harris, Cavalry, from February 28, 1924.

Maj. Avery John Cooper, Coast Artillery Corps, from March 1, 1924.

To be majors.

Capt. Clinton Wilbur Howard, Air Service, from February 28, 1924.

Capt. Charles Manly Busbee, Field Artillery, from March 1, 1924.

To be captains.

First Lieut. Samuel Rivington Goodwin, Cavalry, from February 28, 1924.

First Lieut. George Walcott Ames, Coast Artillery Corps, from March 1, 1924.

First Lieut. Arthur Wellington Brock, jr., Air Service, from March 1, 1924.

To be first lieutenants.

Second Lieut. Thomas Llewellyn Waters, Coast Artillery Corps, from February 28, 1924.

Second Lieut. Urban Niblo, Field Artillery, from March 1, 1924.

Second Lieut. Kenneth Sharp Olson, Infantry, from March 1, 1924.

APPOINTMENTS IN THE REGULAR ARMY.

TO BE SECOND LIEUTENANT IN THE AIR SERVICE WITH RANK FROM FEBRUARY 26, 1924.

Daniel Allen Terry, second lieutenant, Air Service, Officers' Reserve Corps.

APPOINTMENTS BY TRANSFER IN THE REGULAR ARMY.

ADJUTANT GENERAL'S DEPARTMENT.

Capt. Iverson Brooks Summers, jr., Coast Artillery Corps (detailed in Adjutant General's Department), with rank as prescribed by the act of June 30, 1922.

COAST ARTILLERY CORPS.

Second Lieut. John Hensel Pitzer, Air Service, with rank from June 12, 1923.

PROMOTIONS IN THE NAVY.

Capt. Frank H. Schofield to be a rear admiral in the Navy from the 4th day of February, 1924.

Commander Henry N. Jenson to be a captain in the Navy from the 29th day of December, 1923.

Commander Percy W. Foote to be a captain in the Navy from the 1st day of January, 1924.

Lieut. Commander Henry C. Gearing, jr., to be a commander in the Navy from the 1st day of January, 1924.

Lieut. Lloyd R. Gray to be a lieutenant commander in the Navy from the 25th day of July, 1923.

Lieut. Elroy L. Vanderkloot to be a lieutenant commander in the Navy from the 22d day of January, 1924.

Lieut. (Junior Grade) Michael Macdonald to be a lieutenant in the Navy from the 1st day of October, 1922.

Ensign Walter M. Blumenkranz to be a lieutenant (junior grade) in the Navy from the 31st day of December, 1921.

Lieut. (Junior Grade) John O. Jenkins to be a lieutenant in the Navy from the 13th day of June, 1923.

Ensign Frank W. Rasch to be a lieutenant (junior grade) in the Navy from the 30th day of June, 1922.

Ensign Albert McI. Wright to be a lieutenant (junior grade) in the Navy from the 22d day of April, 1922.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 5th day of June, 1923:

George Van Deurs. Edwin D. Graves, jr.

Wilbur A. Wiedman. De Long Mills.

The following-named gunners to be chief gunners in the Navy, to rank with but after ensign, from the 2d day of July, 1923:

Glen R. Ogg.

James R. Fallon.

The following-named machinists to be chief machinists in the Navy, to rank with but after ensign, from the 24th day of September, 1923:

James E. Graham.

James B. Nolan.

The following-named carpenters to be chief carpenters in the Navy, to rank with but after ensign, from the 2d day of July, 1923:

William Finlay.

Samuel D. Moyer.

Edward T. Cafferey.

John A. Nicol.

Leonard H. Lyon.

The following-named carpenters to be chief carpenters in the Navy, to rank with but after ensign, from the 24th day of September, 1923:

Giles E. Quillin.

Leo M. Hull.

James J. Maune.

William English.

Carpenter William E. McDonough to be a chief carpenter in the Navy, to rank with but after ensign, from the 29th day of October, 1923.

Pay Clerk Charles H. Brandenburgh to be a chief pay clerk in the Navy, to rank with but after ensign, from the 24th day of September, 1923.

CONFIRMATIONS.

Executive nominations confirmed by the Senate March 7 (legislative day of March 6), 1924.

UNDERSECRETARY OF STATE.

Joseph C. Grew to be Undersecretary of State.

POSTMASTERS.

CALIFORNIA.

Jesse D. Myers, Arlington.

John W. Calvert, jr., Azusa.

William B. Higgins, Baypoint.

Purley O. Van Deren, Broderick.

Frank T. Hawes, Centerville.

Floyd F. Howard, Courtland.

Katherine H. McLernon, Culver City.

Anthony G. Heerman, Dinuba.

Wesley A. Hill, Eureka.

Carrie I. Pfau, Fairfield.

S. Glen Andrus, Fair Oaks.

Nettie Fausel, Independence.

Samuel W. Green, Isleton.

Frances E. Bennett, Mills College.

Belle Kornelissen, Newhall.

Lewis E. Leavell, Novato.

John F. Connors, Oakland.

Winfield S. Buchner, Oildale.

Manuel S. Trigueiro, San Miguel.

William E. Edwards, Westmoreland.

M. Elizabeth Woods, Wilmington.

DELAWARE.

James M. Montgomery, Edgemoor.

IDAHO.

Aruthur B. Bean, Pocatello.

Peter W. McRoberts, Twin Falls.

MASSACHUSETTS.

Isabelle Crocker, Cotuit.

Chestina B. Robbins, East Templeton.

OKLAHOMA.

Ada M. Thompson, Mannford.

OREGON.

David S. Young, Defur.

Don Ellis, Garibaldi.

Fred C. Holznagel, Hillsboro.

Thomas G. Hawley, Multnomah.

George W. Trommlitz, Toledo.

PENNSYLVANIA.

Calvin E. Cook, Dillsburg.

George M. Johnson, Laceyville.

Harry E. Pote, Marcus Hook.

PORTO RICO.

Nicolas Ortiz Lebron, Aibonito.

Gasper R. Ferran, Barceloneta.

Jose E. Guenard, Mayaguez.

Roque Rodriguez, Ponce.

Juan Vissepo Hernandez, San Sebastian.

L. Castro Gelpi, Vieques.

HOUSE OF REPRESENTATIVES.

FRIDAY, March 7, 1924.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father in heaven, Thou who art our refuge and strength and always near, continue the blessings of Thy wisdom and mercy unto us, unto our homes, and unto our country. In all that we are and do, O may we prove ourselves worthy of Thy bountiful gifts. Prepare us with fortitude, self-possession, and great faith for whatever may come to us. In sunshine and in shadow; in victory and in defeat; in the defense of the right; and in condemnation of the wrong, help us to be true Christian men who are seeking to do Thy will and to do of Thy good pleasure. Amen.

The Journal of the proceedings of yesterday was read and approved.

QUESTION OF PRIVILEGE OF THE HOUSE.

Mr. BLANTON. Mr. Chairman, I rise to a question of privilege of the whole House.

The SPEAKER. The gentleman will state it.

Mr. BLANTON. Mr. Speaker, I am sending to the Speaker's table a copy of this morning's Post, and of yesterday afternoon's Star, Times, and News, in all four of which papers is the allegation that a man named B. F. Dorsey is an employee of the House Office Building, or, in other words, an employee of the House of Representatives. That when arrested he had in his possession a jug of whisky which he claimed he procured for and was then taking to a Congressman in the House Office Building. I present them, Mr. Speaker, as a privilege of the whole House, and I desire to be heard.

The SPEAKER. The gentleman is not in order. A Member rising to a question of privilege of the House must present a resolution.

Mr. BLANTON. I present a resolution, Mr. Speaker.

Mr. BANKHEAD. Mr. Speaker, I think this is a very important matter, and I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Alabama makes the point that no quorum is present. Evidently there is no quorum present.

Mr. LONGWORTH. Mr. Speaker, I move a call of the House.

The motion was agreed to.

Accordingly the doors were closed, the Sergeant at Arms was directed to bring in absent Members, and the Clerk called the roll.

The following Members failed to answer to their names:

Anderson	Fairchild	McFadden	Snyder
Anthony	Fairfield	McLaughlin, Nebr.	Sprout, Ill.
Beedy	French	Michaelson	Sullivan
Berger	Fuller	Mills	Sweet
Black, Tex.	Gallivan	Nelson, Me.	Tagne
Black, N. Y.	Gifford	Nolan	Taylor, Colo.
Brand, Ohio	Graham, Pa.	O'Brien	Thomas, Ky.
Britten	Greene, Mass.	O'Connor, La.	Tincher
Buchanan	Hull, Morton D.	Quayle	Vare
Canfield	Johnson, S. Dak.	Rainey	Ward, N. Y.
Connolly, Pa.	Jost	Reed, N. Y.	Wefald
Corning	Kahn	Reed, W. Va.	Wertz
Curry	Kelly	Sanders, Ind.	Wilson, Miss.
Dallinger	Kendall	Scott	Winslow
Darrow	Kent	Sears, Fla.	Wood
Davey	Kvale	Shreve	Woodruff
Dempsey	Leibach	Sites	
Edmonds		Snell	

The SPEAKER. Three hundred and sixty-one Members have answered to their names. A quorum is present.

Mr. LONGWORTH. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

The SPEAKER. The gentleman from Texas offers a resolution, which the Clerk will report.

The Clerk read as follows:

Whereas the Star, Times, and News, published in Washington, D. C., yesterday afternoon, and the Post, published this morning, all state that when arrested near the House Office Building one B. F. Dorsey had in his possession a half-gallon jug of whisky which he claimed he had procured for and was taking to a Congressman in said House Office Building, where he claimed to be employed: Therefore be it

Resolved, That the said B. F. Dorsey be directed to transmit to the House of Representatives the name of the Congressman whom he alleges he procured said whisky for, and instructions, if any, that were given him by such Congressman.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to amend the resolution. After the word "Resolved" strike out the balance of the resolution and insert in lieu thereof the following:

That a committee of five Members of the House be appointed by the Speaker—

Mr. LONGWORTH. Mr. Speaker, I object to the modification of the resolution. The gentleman asked unanimous consent and I object.

Mr. BLANTON. Then, Mr. Speaker, I move—

The SPEAKER. The Chair thinks the gentleman has a right to withdraw his resolution and offer a modification of it.

Mr. BLANTON. Mr. Speaker, after the word "Resolved" strike out the balance of the resolution and insert in lieu thereof the following:

That the Speaker appoint a special committee of five Members of the House to investigate—

Mr. LONGWORTH. Mr. Speaker, I object to the form in which the amendment is made.

Mr. BLANTON (continuing)—

to investigate as to the truth or falsity of these charges, and report back to the House at the earliest possible moment.

Mr. SNELL. Mr. Speaker, I make a point of order against the resolution.

The SPEAKER. The gentleman from Ohio [Mr. Longworth] objected, but the Chair thinks the gentleman is entitled to modify his resolution in any way he pleases.

The gentleman from New York will state his point of order.

Mr. SNELL. In the first place, that it is not a privileged resolution. In paragraph 655 of the Manual the Chair will find this language:

But vague charges in newspaper articles, criticisms, or even misrepresentations of the Members' speeches or acts have not been entertained—

Mr. BLANTON. Mr. Speaker, before the gentleman makes his point of order I would like to state the basis of the privilege claimed.

The SPEAKER. The gentleman is entitled to make his point of order.

Mr. LONGWORTH. A parliamentary inquiry, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. LONGWORTH. Without the consent of the House, has the gentleman the right to modify his amendment?

The SPEAKER. In committee he has not, but in the House the gentleman has the right to modify his resolution.

Mr. SNELL. Has the gentleman's resolution been reduced to writing?

The SPEAKER. The Clerk will report the modified resolution.

The Clerk read as follows:

Resolved, That the Speaker appoint a special committee of five Members of the House to investigate as to the truth or falsity of these charges and report back to the House at the earliest possible moment.

Mr. SNELL. Mr. Speaker, I desire to call the Chair's attention to paragraph 655 of the Manual. Here we find that vague charges in newspaper articles, criticisms, or even misrepresentations of the Members' speeches or acts have not been entertained as privileged matter.

There are several decisions in Hinds' Precedents that are absolutely in line with, and exactly on a parallel with, the question now before us. I will not take the time to read them to the House, but they are in Volume III, Nos. 2711-2714. In each one of these rulings vague newspaper charges were held by the Speaker not to possess privilege status, and in each case the point of order was sustained against them. Now, what do we have here, as presented by the gentleman from Texas [Mr. BLANTON]?

This does not have even the responsibility of the newspapers back of it; it is simply the careless and irresponsible statement of a bootlegger. It is the statement of a confessed crook and criminal, who is simply trying to free himself by turning attention to some one else. He is doing it for self-protection. Who would believe him even if he did give his name to the House? [Applause.]

It is perfectly evident he was doing this to shield his own wrongdoings, and if he did give a name to the House it would be a fictitious one.

Therefore, Mr. Speaker, I maintain it is beneath the dignity of this House to give any attention or consideration to such a vague and irresponsible rumor as the gentleman from Texas [Mr. BLANTON] has presented, and has been printed in certain newspapers.

Furthermore, I am definitely informed by the Clerk of the House, the Sergeant at Arms, the Doorkeeper, and the Architect of the Capitol that no such man in recent years has been an employee around the Capitol Building.

Therefore, Mr. Speaker, I am very sure this is not a privileged resolution and a point of order should lie against it.

Mr. BLANTON. Mr. Speaker, I want to be heard. I do not believe there is a Member in this House, whether there are any who are addicted to drink or not, who would buy liquor from a bootlegger; I do not believe it. [Laughter.] But there is a newspaper charge here in four Washington newspapers that an employee of the House of Representatives, in the House Office Building, was caught over here next to the House Office Building night before last with a half gallon jug of whisky under his arm, which he alleged he was taking to a Congressman.

Mr. SNELL. Will the gentleman yield right there for a moment?

Mr. BLANTON. In just a moment. The papers allege that he was taking it to a Congressman in the House Office Building; that he had procured it for a Congressman in the House Office Building, and that they had better turn him loose or the Congressman would come down there and cause them trouble.

Mr. SNELL. Did the man make the statement he was an employee of the House?

Mr. BLANTON. The papers allege that he said he is an employee of the House.

Mr. SNELL. I am officially informed that he is not an employee of the House.

Mr. BLANTON. I am asking for a House committee to investigate and report to this House as to whether this charge is true. I submit, Mr. Speaker, that this is a reflection upon every Member of the House of Representatives. [Laughter.] Well, newspapers in your district and mine will report that we are shielding somebody that we ought not to shield. They will report, Mr. Speaker, that there was somebody there who ordered a half gallon jug of whisky, and when an employee of our body is caught, he flaunts the law and says, "Turn me loose, because the man I am buying this for will make you do it." I say, Mr. Speaker, that does reflect upon the integrity of the House and that does raise a question of privilege, and I submit, Mr. Speaker, the resolution is in order.

The SPEAKER. The paper, which the gentleman has placed before me, states that the man was arrested, and that he protested his arrest on the ground that the liquid burden was intended for a Representative of the House. Of course, the

Chair always wishes, as the membership undoubtedly wishes, to protect the privileges of the House, but the Chair is disposed to think that the citations made by the gentleman from New York [Mr. SNELL], stating that vague rumors or accusations against the House do not constitute privilege, are applicable here. This is simply a statement by an individual whom the gentleman from New York says is not an employee of the House endeavoring to excuse himself from a breach of the law by implicating a Member of the House. Obviously, the language used was to exonerate himself. The Chair does not think this is such a charge against the dignity of the House as to make it privileged. The Chair sustains the point of order. [Applause.]

QUESTION OF PERSONAL PRIVILEGE.

Mr. LANGLEY. Mr. Speaker, I rise to a question of personal privilege. [Applause.]

The SPEAKER. The gentleman from Kentucky rises to a question of personal privilege, which the gentleman will state.

Mr. LANGLEY. Mr. Speaker, for some days it has come to my knowledge, in one way and another, that my name was being connected with the report recently made by the Chicago grand jury. My own inclination was to immediately rise and tell my fellow Members that it was not true so far as I was concerned. [Applause.] One reason I did not do so was that no specific charge had been made against me. I had assumed that in response to the resolution of the House of yesterday that by this time we would know who of this House is accused of violating the law and his official trust, but that information has not yet been received. However, a reputable morning paper contains my name and, in substance, the statement that I was one of those who would be accused.

My fellow Members, I am acting against the advice of some of my best friends in speaking now in advance of such report, but I can not longer remain silent under these statements. [Applause.]

I have served this Government in an official capacity for more than 30 years, nearly 18 of which have been as a Member of this great body. My life has been an open book. I have gone in and out among my people and among the membership of this House during these years, and this is the first time that any aspersions have ever been cast upon my personal or official integrity. Coming as I do from a Kentucky mountain district, where the people value honor higher even than human life, it is but natural that I should feel shocked at such an accusation, and while no report has yet been received, if the newspaper stories are correct and such a report does come to this House and that report should contain my name, I ask of my colleagues that a forum be immediately created wherein I can at least exercise the right established at Runnymede to stand face to face with my accusers [applause], and where the truth can be speedily disclosed.

Without any specific information I can, of course, enter into no specific denial, but I have this to say here and now. In the presence of Almighty God and these witnesses I have committed no crime. [Applause.] I have done no wrong, and I confidently rely upon a speedy vindication at the hands of my colleagues of this House.

Not only am I anxious if such a report comes in, but I insist upon an immediate investigation of any charge that may be made. Conscious as I am of the uprightness of my personal and official conduct I shall ask, yea, I shall demand, as a Member of this House the appointment by the Speaker of a committee which shall be given full power to summon and swear witnesses, to send for persons and papers, and take such action as will bring the truth to light. God helping me, I want the truth, the whole truth, and nothing but the truth. I want at least in the meanwhile to have in the minds of my friends and in the minds of my constituents and in the minds of my countrymen at least as much right as the criminal and the crook have of being presumed innocent until proven guilty. I thank you. [Applause.]

Mr. UPSHAW. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

The SPEAKER. The gentleman from Georgia asks unanimous consent to address the House for three minutes. Is there objection?

Mr. KNUTSON. Reserving the right to object, what is the gentleman going to speak about?

Mr. UPSHAW. Concerning the matter before the House, in support of the brave speech of the gentleman from Kentucky.

Mr. KNUTSON. I withdraw the objection.

Mr. UPSHAW. Mr. Speaker and gentlemen, I simply want to say that all of our hearts have been stirred by the brave and manly words of our colleague from Kentucky [Mr. LANGLEY], and I feel that I would be recreant to every impulse of loyalty

to the honor of this House and loyalty to a long friendship if I did not indict from my own standpoint as a citizen and as a Member of Congress the reckless way in which the Department of Justice has given publicity concerning Members of this House. [Applause.]

The gentleman from Ohio [Mr. LONGWORTH] said a striking thing yesterday when he brought out the fact that in an interview concerning this matter a representative of the Department of Justice had confessed that this testimony and these insinuations were made by men who were generally believed to be criminals and crooks. [Applause.]

Listen. It would have been the ethical act of a careful representative of the Department of Justice to have kept from the public any aspersion whatever concerning a Member of this House until they were ready to substantiate that charge. [Applause.] I feel constrained to say that as a Member of this Congress, as a loyal friend of the gentleman from Kentucky, but more than all as a friend of the honor of every Member of this House—yea, and I may say that as a known friend and defender of the cause of personal and national sobriety—I want to protest that never again shall any department of this Government broadcast any kind of aspersions against the honor of this House until they are ready to deliver the goods. [Applause.] The first word should not be spoken until the last word is ready. I indict the reckless and half-baked way in which the honor of our colleagues has been attacked, and I rejoice to give my hand to the gentleman from Kentucky [Mr. LANGLEY] and the gentleman from Maryland [Mr. ZIEHLMAN], whose names have been mentioned, and say to them in this presence that I have full faith in their honor as patriots and gentlemen. [Applause.]

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House of Representatives was requested:

S. 2236. An act to designate the time and place of holding terms of the United States district court in the first division of the district at Kansas City;

S. 684. An act to authorize the coinage of 50-cent pieces in commemoration of the commencement on June 18, 1923, of the work of carving on Stone Mountain, in the State of Georgia, a monument to the valor of the soldiers of the South, which was the inspiration of their sons and daughters and grandsons and granddaughters in the Spanish-American and World Wars, and in memory of Warren G. Harding, President of the United States of America, in whose administration the work was begun; and S. J. Res. 91. Joint resolution to authorize the National Society United States Daughters of 1812 to place a marble tablet on the Francis Scott Key Bridge.

The message also announced that the Senate had passed with amendment the bill of the following title, in which the concurrence of the House of Representatives was requested:

H. R. 7039. An act to amend section 72 of chapter 23, printing act approved January 12, 1895.

The message also announced that the Senate had passed without amendment bills of the following titles:

H. R. 5557. An act to authorize the settlement of the indebtedness of the Republic of Finland to the United States of America; and

H. R. 4577. An act providing for the examination and survey of Mill Cut and Clubfoot Creek, N. C.

SENATE BILL REFERRED.

Under clause 2 of Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. 2236. An act to designate the time and place of holding terms of the United States district court in the first division of the district at Kansas City; to the Committee on the Judiciary.

ENROLLED BILL PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. ROSENBLUM, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States for his approval the following bill:

H. R. 4121. An act to extend the provisions of certain laws to the Territory of Hawaii.

ENROLLED BILL SIGNED.

Mr. ROSENBLUM, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bill of the following title, when the Speaker signed the same:

H. R. 3444. An act for the relief of certain nations or tribes of Indians in Montana, Idaho, and Washington.

MUSCLE SHOALS.

Mr. McKENZIE. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 518, relating to Muscle Shoals.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. MAPES in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill, of which the Clerk will read the title.

The Clerk read the title, as follows:

The bill (H. R. 518) to authorize and direct the Secretary of War to sell to Henry Ford nitrate plant No. 1, at Sheffield, Ala.; nitrate plant No. 2, at Muscle Shoals, Ala.; Waco Quarry, near Russellville, Ala.; and to lease to the corporation to be incorporated by him Dam No. 2 and Dam No. 3 (as designated in H. Doc. 1262, 64th Cong., 1st sess.), including power stations when constructed as provided herein, and for other purposes.

Mr. McLAUGHLIN of Michigan rose.

Mr. BURTON. Mr. Chairman, I understand the gentleman from Michigan desires to introduce an amendment to be pending before the House for consideration, and I will yield to him.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, during discussion in the House yesterday the bill was criticized because it contains no provision relating to the control of the service to be rendered by the company, or regulation of the rates or charges to be made for power or electric current. In answer to that criticism friends of the bill said that the State in which the service is performed will have control. That is mere expression of opinion. It is an important matter which ought to be made clear and free from all doubt now and in years to come. The amendment I offer would make it clear that a State in which service is rendered will have jurisdiction and control over service and rates of charges. My amendment will meet the suggestions of those who have said that the State ought to have such authority.

In preparing the amendment I have made use of some of the language of sections 19 and 20 of the Federal water power act as far as I believe they are applicable to the present situation. It will give the Federal Power Commission authority to function in the matter of service, rates, and charges only in case the State is unable to act. I am not entirely clear as to the place in the bill to which the amendment should be offered, but I have prepared it to be offered at page 16, at the end of line 2, as a new section. I ask that the amendment may be now read. It is not offered in a spirit of criticism or of opposition to the bill. If adopted it will make the bill what its warmest advocates say it means now. It should be promptly accepted by them.

Mr. SNELL. Then the gentleman admits that the bill can be amended and Mr. Ford will accept it?

Mr. McLAUGHLIN of Michigan. I believe that the amendment is proper and necessary. I believe it is not such an amendment as Mr. Ford will object to or that he would be justified in objecting to it. At least, I wish it to be before the House for consideration.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent that the amendment that he proposes to offer to page 16 of the bill may be read by the Clerk for information.

Mr. GARRETT of Tennessee. Mr. Chairman, reserving the right to object, there was some reason for having amendments read in advance of the point at which they would be offered yesterday because we would have a chance to see them in the Record this morning. I do not see the advantage of having an amendment read now unless it should develop that we will not reach it this afternoon.

I shall not object to this request, but I hope it will not become a practice of gentlemen to give notice now of amendments they propose to offer later in the same day.

The CHAIRMAN. Is there objection?

Mr. STENGLE. Mr. Chairman, I object unless the gentleman can show why it should be read at this time.

The CHAIRMAN. The gentleman from New York objects.

Mr. BURTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. STENGLE. Mr. Chairman, I withdraw my objection to the request of the gentleman from Michigan. I understand his purpose now.

The CHAIRMAN. The gentleman from New York withdraws his objection to the request of the gentleman from Michi-

gan that his proposed amendment be now read for the information of the committee. Is there objection to the request of the gentleman from Michigan? [After a pause.] The Chair hears none, and the Clerk will read the amendment.

The Clerk read as follows:

Amendment offered by Mr. McLAUGHLIN of Michigan: Page 16, at the end of line 2, add a new section:

"Whenever the company shall render or supply any public service by way of developing, distributing, or supplying electric current or power for any use or purpose for sale to customers or consumers thereof it shall abide by such reasonable regulation of such service and of rates and charges of payment therefor as may from time to time be prescribed by any duly constituted agency of the State in which the service is rendered or the rate charged, and in case such development, transmission, or distribution, or other service within a State which has not authorized or empowered a commission or other agency or agencies within said State to regulate and control the service to be rendered or the rates and charges of payment therefor, jurisdiction is hereby conferred upon the Federal Power Commission, to be exercised under the provisions of the Federal water power act approved June 10, 1920, or as the same may hereafter be amended as to the regulation and control of service and as to rates and charges to be made therefor, upon the complaint of any person, as defined in said act, or upon the initiative of said commission, to exercise such regulation and control until such time as the State shall have provided a commission or other authority for such regulation and control. When any service herein mentioned or any part thereof shall enter into interstate or foreign commerce the service rendered and the rates and charges therefor shall be reasonable, nondiscriminatory, and just to the customers and consumers, and all unreasonable, discriminatory, and unjust rates and charges are hereby prohibited and declared to be unlawful; and whenever any of the States directly concerned has not provided a commission or other authority to enforce the requirements of this section within such State, or such States are unable to agree through their properly constituted authorities on the service to be rendered or on the rates or charges of payment therefor jurisdiction is hereby conferred upon said Federal Power Commission, upon complaint of any person aggrieved, on the request of any State concerned, or upon its own initiative, to enforce the provisions of this section to regulate and control so much of such service rendered and of the rates and charges or payment therefor as constitute interstate or foreign commerce. The administration of the provisions of this section, as far as applicable, shall be according to the procedure and practice in fixing and regulating the rates, charges, and practices of railroad companies, as provided in the act to regulate commerce, approved February 4, 1887, as amended, and the parties subject to such regulation and control shall have the same rights of hearing, defense, and review as said companies in such cases."

Mr. BYRNS of Tennessee. Mr. Chairman, I move to strike out the last word. I shall ask the indulgence of the committee for only a few moments. Before I state the object of my request for recognition, let me say by way of preface that I am quite sure that every Member of the House knows that I have been a very ardent supporter of the offer of Henry Ford since it was first made, and that I am to-day very heartily in favor of the acceptance of Mr. Ford's offer. I may say that I do not believe that any material or fundamental amendment should be proposed to the bill or adopted because the bill is founded upon a contract, and should either be accepted or rejected as it comes before us; and so far as I am concerned, I do not think that I shall support any amendment unless, perhaps, the amendment which the gentleman from Illinois [Mr. MADDEN] announced yesterday that he proposed to offer, and which embodies the actual language of the proposal. Amendments to the bill, as a rule—and I say this without impugning the motives of any of those who may offer them—can not be considered in any other way except as having the effect of defeating the object of the legislation. The power companies and others opposing Henry Ford have been trying for two years, and have succeeded up to this time, to delay consideration of the proposition for the sole purpose, of course, of finally defeating it; and as I view it—and, I repeat, without impugning the motives of any of those who may offer amendments—acceptance of amendments to this legislation now, which is based upon a contract, will amount to nothing less than its defeat.

It was stated yesterday that one of the power companies which is in this combine making an offer—the Tennessee Electric Power Co.—had been attacked in the courts of Tennessee for violation of the State antitrust laws. I have a telegram here from Judge J. M. Anderson and Mr. W. E. Norvell, Jr., two of the most prominent and ablest attorneys in Nashville and citizens of the highest standing in the State, which they have asked me to present and read to the House. These gentlemen are the attorneys representing the Tennessee Power Co. in the suit referred to. The telegram is as follows:

NASHVILLE, TENN., March 6, 1924.

HON. JOSEPH W. BYRNS,
Washington, D. C.:

We have been informed that it has been charged on the floor of the House that the Tennessee Electric Power Co. was organized and is being operated in violation of the antitrust laws of the State and has no legal status in Tennessee. A bill was filed by the attorney general some time ago seeking to oust this company from the State upon the grounds that it was organized and operated in violation of both the antitrust statute of the State and of the common law. About three weeks ago Chancellor Newman, after a full hearing on the pleading and proof, held that neither its organization nor its operation was unlawful, and the bill filed to oust the company from the State was by the chancellor dismissed. So far no appeal has been fixed. If our information as to the charge having been made is correct, will you please see that the same publicity that was given the charge be given the chancellor's decision.

J. M. ANDERSON.
W. E. NORVELL, Jr.

I felt that in all fairness it was proper to present the facts stated in this telegram to the House.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. BYRNS of Tennessee. Yes.

Mr. CHINDBLOM. In view of what the gentleman said about the effect of offering amendments, will the gentleman say that Members of the House who believe that the substantial features of the water power act should be applied in this case, who believe that to be a condition precedent, a sine qua non of their support of this bill, should not have the privilege to freely offer amendments to that effect, in the hope that Mr. Ford himself may accept such provision?

Mr. BYRNS of Tennessee. Oh, no; I do not contend that they should not, and as I said, I impugn the motives of no Member who offers an amendment, and I do not question the sincerity of those gentlemen who may offer an amendment, but as I view this proposition, based as it is upon a contract, material and fundamental amendments can have no other result than that of defeating the legislation, and, in my judgment, Members of this House should be courageous enough in voting on this proposition to vote it up or vote it down, and not afford an opportunity to its opponents to indirectly defeat it by amendment.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. NEWTON of Minnesota. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.
The Clerk read as follows:

Amendment offered by Mr. NEWTON of Minnesota: Page 1, line 5, strike out the words "the following contracts" and insert in lieu thereof the words "a contract or contracts containing the following provisions:—"

Mr. NEWTON of Minnesota. Mr. Chairman, I merely want to direct the attention of the chairman of the Committee on Military Affairs to the language of the last line on the first page. It says "that the Secretary of War is hereby authorized and directed, for and in behalf of the United States of America, to execute the following contracts."

Now, turn the page and what is before you? It is not a contract, but certain provisions that the Secretary of War is later to set forth in the contract or contracts. Now, it seems to me, in the interest of good bill drafting and statute writing that the language of the bill before us should be so far modified as to say just exactly what is meant, I hope that this rule against the amendment to this bill does not go to the extent of preventing the perfecting of its phraseology.

Mr. McKENZIE. Will the gentleman yield?

Mr. NEWTON of Minnesota. I will.

Mr. McKENZIE. Does the gentleman think this is drawn in such a way that there is danger they can not carry out the proposals of this bill?

Mr. NEWTON of Minnesota. No; but the gentleman likes to have bills pass the House in such form so that they really say what the House intends to say and what the gentleman intends to say. We have certain provisions here that the Secretary is authorized to embody in a contract.

Mr. McKENZIE. I might say to the gentleman from Minnesota that, so far as the chairman is concerned, I take it that the amendment is offered as a friendly amendment and not an unfriendly one—

Mr. NEWTON of Minnesota. It is.

Mr. McKENZIE. And intended to make it more specific. We might have framed that in a little better language in this section of the bill, but if that is true, so far as I am personally

concerned, I have no objection to the amendment. If anyone else has an objection, all right; but if not—

Mr. HILL of Maryland. Will the gentleman yield?

Mr. NEWTON of Minnesota. I yield to the gentleman from Maryland.

Mr. HILL of Maryland. I am much impressed by what the gentleman says, and I want to ask a question. On page 1 the last word is "contracts." In reading this bill, how many contracts does the gentleman contemplate are to be made by the Secretary of War embodying this offer? I would like to ask the chairman of the committee that question.

Mr. NEWTON of Minnesota. It is my idea there is to be but one contract, and that is between the Government and Henry Ford. It occurs to me possibly it might be advisable and necessary to have more than one contract, and that is the reason in the amendment I use the term "contract" or "contracts."

Mr. HILL of Maryland. Well, the bill itself says "contracts."

Mr. NEWTON of Minnesota. Yes.

Mr. STEVENSON. Mr. Chairman, I have not taken any time on this measure and very little on others, but there are a few things about this suggested by the gentleman from Tennessee that I want to talk about a little and in connection with the amendment proposed yesterday by the gentleman from Ohio [Mr. BEGG]. Now, the gentleman from Tennessee is correct, that amending the substantial terms of an agreement proposed between Ford and the Government would be an amendment to a proposition which might make it such a different proposition as it might defeat the whole thing. But amendments which look to the guarding of the rights of the Government and the enforcement of the contract after the contract is made are absolutely necessary and do not destroy the agreement which is proposed by Mr. Ford, and such amendments as necessary should be made. Now, there is one that ought to be made. It is following the line of the gentleman from Ohio, but his amendment would put us in a worse condition than we are now.

This act provides that the contract may be enforced in any court and in the court of equity of the United States District Court. That provision is made, but there is no provision to provide for the forfeiture or reversion of the property in case of a failure to comply. Now, you ought to have both remedies. You ought to have the right in case of a failure to the Government either to elect to recapture and take possession of the property or go into court and force specific performance. You want them both, and the amendment of the gentleman from Ohio proposed yesterday was looking to that—

Mr. BEGG. Will the gentleman yield right there?

Mr. STEVENSON. I have not the time now. I will yield when I finish my statement. But his amendment is dangerous in this respect—but before I come to that I want to state the reason I say we ought to have a forfeiture clause in it. My State has been through this same experience we are preparing for the United States. In 1888 we were constructing a canal which had not been completed and the State was unable to complete. The State conveyed it to a corporation which contracted to complete the canal and furnish the water power with which to operate certain institutions. They completed it to a point where it was available for the generation of water power and stopped and for 25 years it stayed there and has done nothing except generate some water power, the State demanding all the time that it go on and complete it so as to furnish navigation? What is the result? The State went into court to recover possession of the canal and the property on the ground of failure to complete the canal and asked for a reversion of the property to the State on the ground that it had the right to recover because the contract had not been completed. The Supreme Court of the United States less than a year ago decided against the State because it had no recapture clause in it and that it had no right except to enforce specific performance, and consequently the State got kicked out of court and had to start an action for specific performance.

Now, I say that the amendment offered by the gentleman from Ohio [Mr. BEGG] yesterday is looking to guard against that very difficulty. Something of that kind ought to go in, but not just what he offered.

Mr. WINGO. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. In a moment. I ask to be allowed to finish my statement, and then I will yield to gentlemen. The proposition which the gentleman from Ohio offered on yesterday is dangerous from this standpoint. You have to provide for these forfeitures and for the right to demand specific performance. If you do not look out and guard the right of election, you will have a court saying, "Well, you provided for the forfeiture, and therefore you can not have specific performance."

Mr. BEGG. The gentleman is talking about something that is not in the amendment at all.

Mr. STEVENSON. I am talking about the amendment that is printed in the Record. The amendment there does not give election to the Government to pursue either course, and when you get into court you will be met with the proposition that you provided for the forfeiture and therefore you have not the right to demand performance. I hope the gentleman from Ohio will redraft his amendment so as to guard the proposition that the Government will have election to do either. That amendment ought to be adopted. Is that what the gentleman wants?

Mr. BEGG. Yes.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. STEVENSON. Mr. Chairman, I ask unanimous consent to proceed for five minutes. I have not talked much at this session.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. STEVENSON. I asked for that in order to yield to the gentleman who asked me to yield. I yield to the gentleman from Arkansas.

Mr. WINGO. I agree with the gentleman that we ought, of course, to have the right of the Government to recapture made clear. Could we not avoid the dangers he pointed out by having that recapture proposition put in to this effect: That a failure to carry out the terms shall be considered ground for forfeiture, and in that case the Government could recapture? That is a general recapture law and not a piecemeal bit of legislation.

Mr. STEVENSON. Yes. There ought to be a provision written in here to the effect that the failure to carry out the substantial terms of this contract shall be ground for the forfeiture of the right, and the Government, on the proclamation of the President, has the right to enter and recapture, and in case that is not done, the Government shall have the right to elect whether to enter and recapture or require the specific performance of the contract.

Mr. BEGG. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. BEGG. The gentleman is talking exactly along the line of my amendment.

Mr. STEVENSON. If the gentleman is talking about some other matter, very well.

Mr. BEGG. I am talking about what you are talking about, but you do not know what you are talking about. [Laughter.]

Mr. STEVENSON. I am very much humiliated if that is true.

Mr. BEGG. I will convince the gentleman. What does Mr. Ford undertake to do other than to manufacture fertilizer?

Mr. STEVENSON. He undertakes to pay rent, 4 per cent, a considerable amount.

Mr. BEGG. That is something we agree to do, for him to pay 4 per cent on the cost.

Mr. STEVENSON. The gentleman admits that I am right, although he says I do not know what I am talking about.

This is the proposition: The gentleman's amendment offered yesterday did two things: It provided that Henry Ford could default for three years and lie down and get out of the whole thing. It provided that he could default four years out of six, and not make a pound of fertilizer, and still hold his position and hold his property. That is not right. It ought to be that he has got to make it continuously and every year. And the act ought to say that he can either be kicked out or specific performance brought against him. That ought to be written in here.

Mr. KEARNS. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. KEARNS. I understand the gentleman from South Carolina believes that there ought to be an amendment by which Mr. Ford will be compelled to make fertilizer or else the property reverts to the Government?

Mr. STEVENSON. I believe he should be compelled to make fertilizer and live up to the other terms of the contract or the Government shall have the right to elect either to take the property back without suit or process or go into court and compel performance.

Mr. KEARNS. The gentleman believes that this is not yet written into the contract?

Mr. STEVENSON. It is not in the bill as it is now, but this does not affect the terms of the agreement which have been offered. The substantial terms of the agreement are not affected by that. That is really provision for the proper en-

forcement of the right growing out of the contract, and therefore it would not destroy the contract, as has been suggested.

Mr. MONTAGUE. Mr. Chairman, I have an amendment which I wish to offer.

The CHAIRMAN. Is it an amendment to the pending amendment?

Mr. MONTAGUE. Yes, sir. I offer an amendment as a substitute for the amendment offered by the gentleman from Minnesota [Mr. NEWTON]. My amendment is in these words—

The CHAIRMAN. Will the gentleman send it to the Clerk's desk?

Mr. MONTAGUE. I beg leave to read it, and then I will send it.

The CHAIRMAN. The gentleman from Virginia offers an amendment, which the Clerk will report.

The Clerk read as follows:

Substitute amendment to the Newton amendment offered by Mr. MONTAGUE: Page 1, line 4, after the word "execute," insert "a." In line 5, strike out the words "the following contracts" and insert "contract or contracts" and before the colon insert "within and pursuant of the authorization, powers, and limitations contained in this act," so that as amended the paragraph will read: "That the Secretary of War is hereby authorized and directed for and in behalf of the United States of America to execute a contract or contracts within and in pursuance of the authorization, powers, and limitations contained in this act."

Mr. NEWTON of Minnesota. I have no objection to that substitute, and I ask for a vote.

Mr. MONTAGUE. I have no desire to debate it.

Mr. NEWTON of Minnesota. I will gladly accept it as a substitute for the amendment which I have offered.

The CHAIRMAN. The question is on agreeing to the substitute offered by the gentleman from Virginia [Mr. MONTAGUE] to the amendment offered by the gentleman from Minnesota [Mr. NEWTON].

The question was taken, and the substitute was agreed to.

The CHAIRMAN. The question is now on the amendment offered by the gentleman from Minnesota [Mr. NEWTON] as amended by the substitute offered by the gentleman from Virginia [Mr. MONTAGUE].

The question was taken, and the amendment as amended was agreed to.

The CHAIRMAN. The gentleman from Missouri [Mr. LOZIER] is recognized.

Mr. LOZIER. Mr. Chairman and gentlemen of the committee, it is very evident to anyone who has observed the proceedings of this House yesterday and to-day that this bill is in danger of being mutilated beyond recognition by the adoption of amendments. Let us see what the situation is. The bill, as reported by the committee, requires the Ford Co. to manufacture "continuously" throughout the lease period, "annually," at least 40,000 tons of fixed nitrogen for the use of the American farmers. The only exception is in case of war, strikes, accidents, fires, or other causes beyond control. The Ford Co. must furnish this quantity of fertilizer each and every year.

Take the amendment offered by the gentleman from Ohio [Mr. BEGG], which swept the House off its feet yesterday afternoon to such an extent that the gentleman from Illinois [Mr. MCKENZIE] and the gentleman from Mississippi [Mr. QUIN], sponsoring this bill, controlling the time and supposed to speak for and reflect the purposes of those who favor the measure, without examining the Begg amendment, and without analyzing its provisions or weighing its effects, impulsively and injudiciously, on the floor of the House, expressed their approval of this "half-baked" amendment that will absolutely emasculate and destroy the very purpose and object which this legislation is intended to promote.

What is the amendment offered by the gentleman from Ohio [Mr. BEGG]? It provides, in substance, that if the Ford Co. fails for "three consecutive years to manufacture annually not less than 40,000 tons of fixed nitrogen for exclusive use as fertilizer, then and in that event" the contract and lease between the Government and the Ford Co. shall be forfeited. In other words, instead of benefiting the farmer and instead of effectuating the purpose of this act, the amendment offered by the gentleman from Ohio does exactly the contrary and is a legislative limitation and a legislative construction of the contract and a legislative declaration to Henry Ford and to his company and to the world that all that the Ford Co. is required to do is to produce 40,000 tons of fixed nitrogen one year out of three, two years out of six, and so on.

Under the bill as it was reported by the committee Mr. Ford is under legal obligation to produce "each year" 40,000 tons of

fertilizer for the farmers. Please observe that the words "continuously" and "annual production" are used in the bill, and by this language the Ford Co. agrees to produce that amount of fertilizer "continuously" and "annually" throughout the lease period, not one year out of three, not two years out of three, and not two years out of six, but "continuously" and "annually," which means uninterruptedly and without intermission or cessation. The Ford Co. is required by the terms of the bill as reported by the committee to produce at least 40,000 tons of fixed nitrogen annually.

But the gentleman from Ohio [Mr. BEGG] comes along and in substance proposes to relieve the Ford Co. of that burden and that obligation, and in effect proposes to write into this bill and contract a legislative declaration that the company will only be compelled to produce this quantity of fertilizer one year out of three.

Mr. BEGG. Will the gentleman yield?

Mr. LOZIER. I will.

Mr. BEGG. In the first place, the gentleman is entirely in error about what the amendment offered by the "gentleman from Ohio" does. It does not strike out anything; it only adds to; and the gentleman is in error, further, when he says that the bill as drawn is positive—

Mr. LOZIER. Does the gentleman wish to ask me a question?

Mr. BEGG. Yes.

Mr. LOZIER. I will answer the gentleman's question, if he has one to propound.

Mr. BEGG. I have one.

Mr. LOZIER. Then propound it.

Mr. BEGG. Suppose Mr. Ford should tear down the building and then take 25 years to build it? What are you going to do?

Mr. LOZIER. The gentleman "speaks an infinite deal of nothing."

Mr. BEGG. No; that is nothing, because that is common practice.

Mr. LOZIER. "His reasons are as two grains of wheat hid in two bushels of chaff." Now, I am going to use the remainder of my time and not yield further unless my time is extended.

Mr. BURTNESS. Will the gentleman yield?

Mr. LOZIER. I will not.

Mr. BURTNESS. I thought the gentleman said a minute ago he would yield to me.

Mr. LOZIER. The gentleman is mistaken. I will not yield now.

Now, take section 14. It provides as follows:

Since the manufacture, sale, and distribution of commercial fertilizers to farmers and other users thereof constitute one of the principal considerations of this offer, the company expressly agrees that, continuously throughout the lease period, except as it may be prevented by reconstruction of the plant itself or by war, strikes, accidents, fires, or other causes beyond its control, it will manufacture nitrogen and other commercial fertilizers, mixed or unmixed, and with or without filler, according to demand, at nitrate plant No. 2 or its equivalent, or at such other plant or plants adjacent or near thereto as it may construct, using the most economic source of power available. The annual production of these fertilizers shall have a nitrogen content of at least 40,000 tons of fixed nitrogen, which is the present annual capacity of nitrate plant No. 2. If during the lease period said nitrate plant No. 2 is destroyed or damaged from any cause, the company agrees to restore such plant within a reasonable time to its former capacity, etc.

Now we turn to section 18. While without regard to any remedies reserved or created by this bill, the law of the land and the principles of equity jurisprudence unquestionably give the Government of the United States the right to enforce the provisions of this contract and to decree a rescission or forfeiture on the failure of the Ford Co. to comply with the terms and conditions of this contract, and to recover the property because of such default. In addition to the remedies available to the Government, as to every other litigant or party to a contract, section 18 of the pending bill provides:

In addition to any other remedies that may be possessed by the United States, and as a further method of procedure in the event of the violation of any of the terms of this proposal or any contracts made in furtherance of its terms, the company agrees that the Attorney General may, upon the request of the Secretary of War, institute proceedings in equity in the district court of the United States for the northern district of Alabama for the purpose of canceling and terminating the lease of Dam No. 2 or Dam No. 3, or both of them, because of such violation or for the purpose of remedying or correcting by

injunction, mandamus, or other process, any act of commission or omission in violation of the terms of this proposal or any contract made in furtherance thereof.

While this language is very specific and comprehensive it does not in reality give the United States Government any additional remedy or new method of procedure by which to enforce compliance with the terms and conditions of this contract. It is merely declaratory of the rights which the Government as a contracting party would have should there be a failure on the part of the Ford Co. to carry out the terms and conditions of this contract; however, by section 18 the Ford Co. concedes to the Government the right and recognizes the power of the Government to institute proceedings in equity for the cancellation and forfeiture of the contract and for the recovery of the leased property should the Ford Co. default and fail to carry out, in good faith, its agreement with the United States. In other words, in the absence of section 18, the Government would have, under the law, the same rights as any litigant who sought the abrogation or rescission of a contract because of the default or abandonment of the contract by the other contracting party.

There is no question as to the right of the Government to have this contract rescinded and to recover the Muscle Shoals property and to recoup its losses in the event the Ford Co. violates the terms and provisions of this bill or fails to carry out the contract and lease made thereunder.

Mr. LA GUARDIA. Will the gentleman yield?

Mr. LOZIER. Yes.

Mr. LA GUARDIA. Does the gentleman believe that an action for the specific performance would lie in the event that Mr. Ford failed to produce fertilizer for a year?

Mr. LOZIER. Undoubtedly under the bill as reported by the committee, but not if the Begg amendment is adopted. Courts of equity and courts of law, since we have had a judicial system in America, have given to litigants complete and effective relief in cases of this character. Courts of equity have exceedingly long arms and can reach out and enforce a literal compliance with the terms and conditions of this act. A court of equity can vitiate and forfeit this contract and restore the property to the Government, in the event of the failure of Mr. Ford and his company to observe and perform in good faith the letter and spirit of this contract. And courts of law can, in effect, accomplish the same result, by assessing damages for breach of contract, subjecting the property to a lien for the payment of such damages, and may decree recovery of chattels or lands, although nothing is said in the pleadings or judgment with reference to a rescission or forfeiture of the contract. Such recovery of possession in an action at law is based on the fact that possession of such property can not be restored to the Government unless there has been a rescission of the contract. This recovery of property in an action at law may be granted where there is a failure of consideration or for substantial violations of contractual obligations, or where there has been an abandonment of the contract by one of the parties thereto.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LOZIER. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

Mr. BURTNESS. Reserving the right to object, will the gentleman answer questions?

Mr. LOZIER. I most certainly will if I am given additional time.

Mr. MCKENZIE. Mr. Chairman, reserving the right to object, and I will not object to this request, I want to say I hope when the gentleman is through we shall proceed with the bill. The debate which is now going on is all out of order and will be in place when we reach that section of the bill. So, when the gentleman is through, I will object to the extension of time for others and demand the regular order.

Mr. MADDEN. Mr. Chairman, reserving the right to object, I wish to make a statement in connection with the gentleman's request. We have a large number of appropriation bills pending, one a deficiency bill carrying \$157,000,000, or something like that. Nearly every dollar in the bill is urgently needed by people whose claims have been filed and approved, and every day we postpone the consideration of that bill it is costing the country a lot of money for interest, so I hope this bill will be disposed of to-day in order that we may proceed with the appropriation bills. [Applause.]

Mr. LA GUARDIA. Reserving the right to object, I want to say that this bill is on the floor of the House by reason of a special rule; and if the deficiency bill was so important, and if delay in considering that bill is costing the Government

money, it should have been here instead of this bill. But this bill being before the House, it must be discussed in full.

Mr. BEGG. Mr. Chairman, I want to reserve the right to object in order to make one statement. Several men who are competent lawyers have worked with me on the amendment which seems to have created such a turmoil, and I believe that all of this trouble could be obviated and eliminated if there would be any way by which I could get an opportunity to get the amendment before the committee.

Mr. BUTLER. Mr. Chairman, I would like to ask the Chair to what part of this bill these remarks are directed? I have been hunting through it, but can not find it. [Cries of "Regular order!"]

The CHAIRMAN. The regular order is demanded. The gentleman from Missouri [Mr. LOZIER] asks unanimous consent to proceed for five additional minutes. Is there objection?

There was no objection.

Mr. BURTNESS. Now, will the gentleman yield?

Mr. LOZIER. Yes; I will yield for a question.

Mr. BURTNESS. I am asking this for information: Assuming there was a breach of the contract after it is entered into, under the bill as originally drawn, a breach in the failure to manufacture fertilizer, then just what would be the remedy which the Government would seek and what would be the measure of damages, if any, that either a court of law or a court of equity would give to the Government?

Mr. LOZIER. I will be very glad to answer the gentleman. The Government has two or more remedies. One is an action at law for breach of the contract and for damages and to recover the leased property because of an abandonment of the contract or because of failure of consideration. The other is an action in equity, having for its object and purpose an abrogation, rescission, or forfeiture of the contract because of the failure of the Ford Co. to comply with its terms. Or the Government would have a right to ask the court for a mandatory order compelling compliance with the terms of this contract, or to enforce specific performance of contract, in default of which the contract and all rights thereunder would be forfeited and the leased property restored to the Government.

Mr. BURTNESS. In either case would there be a reverter to the Government of the property conveyed to the company?

Mr. LOZIER. Undoubtedly, just the same as under any other contract, the consideration for which has not passed or the conditions and terms of which have not been performed. The Government would have the same right to recapture its property just like a landlord could recover possession of his property on failure of the tenant to pay rent, and just like a vendor of land can recover the land if the vendee fails and refuses to pay the consideration or otherwise abandons the contract of sale.

Mr. KEARNS and Mr. BOYCE rose.

Mr. LOZIER. I promised to yield to the gentleman from Delaware.

Mr. BOYCE. The gentleman has already called attention to section 14 and to section 18 of the bill, and stated the specific terms of those sections as applying to this proposed contract.

Mr. LOZIER. Yes, sir.

Mr. BOYCE. I would ask what effect, in the judgment of the gentleman, has section 23 in connection with the proposed contract and its enforcement in law and equity?

Mr. LOZIER. Section 23 is a recognition by the Ford Co. of the rights which the Government, as one of the contracting parties, would have if that section had not been inserted. Every obligation imposed by this bill on Henry Ford is binding on his heirs, representatives, and assigns, and on the company to be incorporated by him to take over this property, and in like manner binding upon the successors and assigns of said company.

Mr. BOYCE. Just another word; would not the proposed amendment of the gentleman from Ohio [Mr. BEGG] tend to weaken the purpose and intent of these sections?

Mr. LOZIER. Undoubtedly. The amendment of the gentleman from Ohio [Mr. BEGG] limits, circumscribes, and emasculates the provisions of section 14, because we would by the adoption of the BEGG amendment in effect and by a legislative act construe that section as not meaning continuously, nor annually, but one year in three, two years in six, three years in nine, and so forth.

The Congress of the United States by the adoption of that amendment would solemnly declare that continuously does not mean continuously; that it does not mean without cessation; that it does not mean without intermission; that it does not mean without interruption; that it does not mean every year.

But this House by the adoption of that amendment would declare by a solemn legislative act that the Ford Co. may skip one or two years in three without furnishing the 40,000 tons of fertilizer annually, provided the required amount was furnished the third year. In other words, the amendment avoids a forfeiture just so long as the Ford Co. does not "fail for three consecutive years" to furnish the required 40,000 tons of fertilizer annually.

This amendment amounts to a solemn legislative declaration and legislative construction of the contract and will permit the Ford Co. to skip two years in three, four years in six, six years in nine, and so forth. And the plain meaning of the term "continuously" is destroyed as well as the real purpose of this act.

Mr. SPROUL of Kansas. Will the gentleman yield?

Mr. LOZIER. If I have any time left, I will be glad to yield.

Mr. SPROUL of Kansas. I wish to ask if it is not necessary before a forfeiture can be declared by a court of equity that the contract contain conditions of forfeiture?

Mr. LOZIER. Yes, sir; and no. It must contain conditions the violation of which furnishes grounds on which a forfeiture can be decreed.

Mr. SPROUL of Kansas. And whether forfeitures are not confined and limited to courts of equity exclusively?

Mr. LOZIER. Not necessarily. That may be the rule in some but not all jurisdictions. As I have stated, in actions at law where there has been a failure of consideration, courts of law may ascertain damages for breach or abandonment of a contract, impress property with a lien, and decree its return for failure of consideration or the other causes mentioned; although nothing may be said in the pleadings and judgment about a rescission or forfeiture of the contract, courts of law nevertheless in effect do cancel contracts.

Mr. SPROUL of Kansas. Never; the gentleman is wrong.

Mr. LOZIER. I do not accept your construction of the law, nor do the authorities sustain your position.

Mr. SPROUL of Kansas. Suppose an action for damages were begun. Who would be the parties in interest?

Mr. LOZIER. The Government of the United States and Henry Ford and—

Mr. SPROUL of Kansas. Would it not be the farmers who had been denied this fertilizer? Would it not be the farmers, and no one else but the farmers?

Mr. LOZIER. This is a contract made between the Government of the United States and Henry Ford and his company for the use and benefit of the Government, and incidentally for the use and benefit of the agricultural classes, and it is enforceable like any other contract made by the Government of the United States. But the action to enforce its provisions or to decree its forfeiture must be brought in the name of the United States. It is fundamental that where two parties make a contract for the use and benefit of a third party, such third party can not sue for breach of the contract, because privity of contract is necessary to any action founded on a breach of contract. The action must be brought by one of the parties to the contract.

The CHAIRMAN. The time of the gentleman has expired. The pro forma amendment is withdrawn, and the Clerk will read.

The Clerk read as follows:

SEC. 2. The company shall complete for the United States, subject to the approval of the Chief of Engineers, United States Army, Dam No. 2, its locks, power house, and all necessary equipment, all in accordance with the plans and specifications prepared, or to be prepared, or approved by the Chief of Engineers, United States Army, and progressively install the hydroelectric equipment in said power house adequate for generating approximately 600,000 horsepower, all the work aforesaid to be performed as speedily as possible at actual cost and without profit to the company. It is understood that the necessary lands and flowage rights, including lands for railway and terminal connections, have been or will be acquired by the United States.

Mr. BLANTON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas [Mr. BLANTON] offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered my Mr. BLANTON: Page 2, line 10, after the word "States" insert the following: At a cost to the United States not to exceed \$28,000,000 additional to the amount already expended when the contract becomes finally executed, and costs of completion, additional to such \$28,000,000, if any, are to be paid by said company.

Mr. HILL of Maryland. Mr. Chairman, there was so much disorder, I ask unanimous consent that the amendment be again reported and that it not be taken out of the gentleman's time.

The amendment was again reported.

Mr. BLANTON. Mr. Chairman and gentlemen, there is not a man in this House who is more anxious than I am to see Henry Ford develop and operate this plant. But Henry Ford has specially prepared this contract through skillful lawyers. His interests have been particularly represented and protected in this contract that we are now considering, and the 110,000,000 people of the United States are looking to Congress—to you and to me—as their attorneys and agents to see that their interests are properly represented, safeguarded, and protected when this contract is closed in their behalf. We are the people's only attorneys and agents, and if a bad contract is made on the part of the people of the United States it will be because of our action taken here in the House of Representatives in not properly framing this bill, for if passed without amendment it will surely become a contract.

I have asked members of the committee to tell me what it is going to cost the United States to complete this Dam No. 2. I have tried in every possible way to get definite information. I went to the gentleman from Illinois [Mr. MADDEN], who seems to be one of the best-posted men on the proposition, and he states it will cost \$28,000,000. I am willing to take the estimate of the gentleman from Illinois [Mr. MADDEN], who is chairman of the Committee on Appropriations. I am willing for the Government to spend \$28,000,000 more to get the plant in operation, but I do not want to pass a measure which may result in causing the Government to spend \$100,000,000 more. I am one of those who helped pass laws hurriedly during the war Congress when cantonments and other Government projects, upon demand of the War Department, were built on the outrageous 10 per cent cost-plus contracts, and thereafter I witnessed millions of dollars of the people's money wasted by contractors who ought to have been put in the penitentiary, and I made up my mind then that I would never vote, as long as I was in Congress, for another contract of that kind. [Applause.]

I want to say to my friends on both sides of the aisle, you place in this contract no limitation whatever upon Henry Ford as to the amount he is to expend for you on Dam No. 2. You give him the blue sky as the limit. You merely say he shall make no profit out of it, and that is all you provide. You merely say he and his company are to make no profit out of it, but you say he shall rebuild it for the people at our expense, but you place no limit whatever upon the kind of contracts he and his company are to make with the contractors who do the work in completing the dam or how much they shall be paid for themselves and their laborers who will do the work.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. BLANTON. In just a moment. I want to use my time and I do not want to ask for any more extra time.

Mr. LAGUARDIA. I just wanted to give the gentleman the accurate figures.

Mr. BLANTON. If I had the time I would gladly yield. I want to see that even Henry Ford is limited in the expense, and if you do not limit him, as much as I want to see him operate this plant, I am going to vote against it. [Applause.] Why, over here on page 3, see what you are turning over to him and what you are obligating the Government to do for 100 years. Let me read it to you. This concerns Dam No. 2, and not the dam merely but the gates and locks, as well—

it being understood that all necessary repairs, maintenance, and operation thereof shall be under the direction, care, and responsibility of the United States during the said 100-year-lease period.

You colleagues who are lawyers know just what that language means, that this Government, in addition to the half a hundred million dollars already wasted on this project, is to spend from \$28,000,000 to \$40,000,000 more in completing it, and then for 100 years binds itself to keep this dam, locks, and gates in repair, and to maintain and operate them at Government expense.

That is what you are doing. You are saying that this Government shall repair, shall maintain, and shall operate this Dam No. 2, its locks and gates, for 100 years at the expense of the Public Treasury. And that could cost \$100,000,000 more.

Mr. HUDSPETH. Will the gentleman yield?

Mr. BLANTON. Certainly.

Mr. HUDSPETH. If the dam washes away is it the duty of the Government of the United States to replace it?

Mr. BLANTON. That is just what I was going to discuss. My colleague from Texas, who was a former distinguished

senator of Texas, who served his State ably and faithfully, knows that the big dam on the Colorado River, at Austin, the capital of Texas, washed out twice and almost bankrupted the good people there.

Mr. HUDSPETH. And it cost \$5,000,000 to replace it.

Mr. BLANTON. This dam might wash out once, twice, or thrice in the next 100 years, and could cost the Government of the United States \$50,000,000 each time to replace it. I am not going to overlook this feature of the contract from the practical standpoint of the people of this country. I am going to watch it, and if you do not amend the bill so as to require the Ford company to repair, maintain, and operate same I am going to be compelled to vote against the bill, although I would regret exceedingly to do it.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BYRNS of Tennessee. Mr. Chairman, I ask unanimous consent that the gentleman may have three minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BURTNESS. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. BURTNESS. I want to see if the gentleman's construction of section 2 is the same as mine. Under section 2 Mr. Ford or his company simply lets out the contract and then comes in and says that was the cost.

Mr. BLANTON. Yes; he could let out every different part of the structure at 10 per cent plus or even 20 per cent plus contracts, because neither he nor his company would be making a dollar profit, and would come within the terms of the bill, but the contractors actually doing the work for him could make millions, and the Government would have to pay it.

Mr. BURTNESS. He could let out 100 contracts.

Mr. BLANTON. Yes; without limitation or restriction, for all he contracts to do is not to make a profit on such construction for himself or his company; he does not say in this bill that there shall be no profit to the laborers and contractors who actually perform the construction work for him.

Mr. BYRNS of Tennessee. Will the gentleman yield?

Mr. BLANTON. I will.

Mr. BYRNS of Tennessee. Regarding the gentleman's amendment limiting the cost, does not the gentleman think that is a different proposition than the statement he made about other matters. As I understand it, the work is to be done by Ford under the supervision of the United States, and I am sure the gentleman will agree with me that Mr. Ford can do the work cheaper than the United States.

Mr. BLANTON. He could, but would he?

Mr. BYRNS of Tennessee. Why would he not? Because he is to pay 4 per cent on the money actually expended for 100 years.

Mr. BLANTON. I want to state to my friend from Tennessee, who is usually careful in expenditures, that these same Army engineers overlooked and superintended the same 10 per cent plus contracts that were made for the building of the cantonments during the war, where millions of dollars of the people's money was wasted. What do they know or care about economy? Why, from the day they first start in the Government school at West Point and are then put on the pay roll until they become generals in the Army money comes freely and easily to them and they learn to spend Government money freely.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. CLARKE of New York. Is there any guaranty in the bill that Mr. Ford will continue to live until the dam is completed?

Mr. BLANTON. Why, no; he may die the next day after it is started. There will be 100 years for this contract to run, and there will be many other men in our places during this hundred years called upon to appropriate the huge sums of money necessary under this contract to repair, maintain, and operate this dam, locks, and gates, who will stand on the floor and damn us because of the contract we made unless we safeguard the people's rights. I ask my friend from Mississippi, I ask my friends from Alabama, to pause here and scrutinize this contract closely from a lawyer's standpoint and see if the Government's rights are properly protected and safeguarded in this proposition. I ask both sides to do that before we vote finally on the bill. This is the only time and opportunity we will have to correct the evils in it.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. McKENZIE. Mr. Chairman, I shall not take the time to reply to the argument of the gentleman from Texas on his amendment. In my own judgment the bill protects the interests of the taxpayers of this country when it says that this shall not be a cost-plus contract but shall be built by the man who is going to use it and who is going to pay 4 per cent interest on the cost of it for the period of 100 years. He is to build it under the plans and specifications and under the supervision of the Board of Engineers of the United States Army. In my judgment no stronger protection can be given to the people of this country in the matter of expenditure than to say that the man who is expending the money shall pay 4 per cent on the amount of that expenditure for 100 years.

In my humble judgment the gentleman from Texas is undoubtedly sincere, but he made the statement to the House in which he said that "unless I can have this thing put into the bill to suit me I shall vote against the bill and fight against the bill."

Mr. BUTLER. Will the gentleman yield for a question?

Mr. McKENZIE. Let me call to your attention that the only reason the provision is in the bill is to keep down the overhead expenses of fertilizer which is to be sold to the farmers; another thing, to let you gentlemen know how little information my friend from Texas had about the matter when he said that Ford's attorney helped to draw up the proposition.

Mr. Ford had no attorneys here. This proposition was worked out in the office of the Judge Advocate General of the United States in company with the Secretary of War, Mr. John W. Weeks, both of whom have the interests of the United States at heart.

Mr. BEGG. Mr. Chairman, will the gentleman yield?

Mr. McKENZIE. Yes.

Mr. BEGG. As a safeguard against the gentleman's suggestion of the possibility in subletting the building of this, the higher the actual cost to the Government the more rent Mr. Ford has to pay, because he pays 4 per cent upon the cost.

Mr. McKENZIE. Absolutely.

Mr. BEGG. Therefore he is interested as much as we in getting it built cheaply.

Mr. McKENZIE. Yes.

Mr. BUTLER. Mr. Chairman, will the gentleman yield?

Mr. McKENZIE. Yes.

Mr. BUTLER. I am one of the Members of the House who doubts what is the right thing to do. I am willing to accept the gentleman's statement, which will be made, I am sure, in all sincerity. How much will this improvement cost? Did the gentleman have an estimate, and is there any real reason why we should not put a limitation upon it? I have come to a period in my official life when I believe in putting the strings on, if they are strong enough to hold.

Mr. McKENZIE. What stronger limitation could you put on than to require a man to pay 4 per cent interest upon it for a hundred years?

Mr. BUTLER. That will increase the cost of the fertilizer.

Mr. McKENZIE. No.

Mr. BURNES. Mr. Chairman, will the gentleman yield?

Mr. McKENZIE. Yes.

Mr. BURNES. I was wondering whether it is contemplated that this company which Mr. Ford is going to form is going to be a construction company, and that that company itself will build this dam.

Mr. McKENZIE. No.

Mr. BURNES. That not being the case, this company which Mr. Ford is going to form will of necessity have to let the proper kind of contracts to other concerns; and is there anything by which you can be assured that the profits of those other concerns will not be unduly large?

Mr. McKENZIE. Of course the gentleman and I will agree that the man who is going to pay for the job in the end and to pay interest on the investment will naturally be interested in the amount of the cost, which is the best safeguard, in my judgment, that we could put around it. I want to say that the committee has not, in my judgment, tried to bring in a bill for Mr. Ford, but to bring in a bill in the interest of the people of the country. If it be necessary that every man must amend the bill so as to suit himself or he will not vote upon it, you may as well quit now and proceed to vote. I ask for a vote on this amendment.

Mr. HILL of Maryland. Mr. Chairman, I rise to support the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

Mr. HILL of Maryland. But I ask recognition in favor of the amendment, as a member of the committee.

Mr. McSWAIN. The gentleman has no right to be heard. Under the rule only one can be heard in support of an amendment and one in opposition thereto.

Mr. HILL of Maryland. Then, Mr. Chairman, I move to strike out the last word of the amendment.

The CHAIRMAN. The gentleman from Maryland is recognized.

Mr. HILL of Maryland. Mr. Chairman and gentlemen of the committee, I want to say that the gentleman from Texas [Mr. BLANTON] is very alert to the rights of the American people, and I am for his amendment. I intend to vote for it because I have the same point of view on the limitation of cost to the United States on Dam No. 2. I am not interested in Mr. Ford or anybody who has or will make offers for Muscle Shoals, but I am interested in "fertilizer in time of peace and nitrates in time of war." If the amendment of the gentleman from Texas does not prevail, then I propose, in the interest of limitation of cost of the dams, to offer the following amendment suggested by the gentleman from Texas, on page 2, line 19, after the words "to be performed as speedily as possible at actual cost and without profit to the company," to insert the words "or any other person or corporation."

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. HILL of Maryland. Yes.

Mr. LAGUARDIA. Does not the statement made by the gentleman from Illinois [Mr. McKENZIE] bear out the fact that the purchasers of fertilizer will pay in the overhead cost of production the entire cost of this plant and 8 per cent profit besides?

Mr. HILL of Maryland. I say to the gentleman that it does. This contract which we are considering, and which is so sacred that we can not even suggest amendments to it according to the gentlemen who favor it, provides that the Ford company may make a maximum profit of 8 per cent on fertilizer.

Mr. LAGUARDIA. And not on their capitalization, but on the turnover?

Mr. HILL of Maryland. Absolutely; and there is nothing in this bill to prevent the Ford company from capitalizing those portions of the expenditure of the United States which they have not paid back and do not have to pay back.

Mr. LAGUARDIA. And according to the gentleman from Illinois [Mr. McKENZIE], who is the sponsor of this bill, the 4 per cent sinking fund which the Ford company will contribute each year will be included in the price of fertilizer?

Mr. HILL of Maryland. Absolutely; and I hope the House will vote for the amendment of the gentleman from Texas. I withdraw the pro forma amendment.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn, and the question is on the amendment of the gentleman from Texas [Mr. BLANTON].

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 34, noes 60.

So the amendment was rejected.

Mr. HILL of Maryland. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HILL of Maryland: Page 2, line 19, after the word "company" strike out the period and insert a comma and the language "or any other person or corporation."

Mr. HILL of Maryland. Mr. Chairman, I shall not enter into any protracted discussion of this amendment. We are told by the proponents of this bill that Mr. Ford and his associates are actuated purely by the altruistic motives of furnishing fertilizer to the farmers of the United States. This section 2 of the McKENZIE bill assumes that there will be no profit under the Ford offer to anybody in the completion of the dams. The language provides that there shall be no profit to the Ford company, but does not provide that there shall be no profit to some subcontractor. I ask that the amendment which I have offered be adopted in order that there shall be no profit to anybody, and that the United States shall pay only the actual cost of building the dam.

In this debate the Alabama Power Co., the Tennessee Electric Power Co., and the Memphis Power & Light Co. have been attacked as being capitalistic and monopolistic, while Mr. Ford, his heirs (Edsel Ford) and assigns, have been lauded as patriotic philanthropists. I know nothing of any of them, except from the hearings in this case, but here is a chance to make sure there will be no profit in the building of the dams. If the Ford offer is based solely on patriotic fertilizer philanthropy, adopt my amendment.

A few years ago the Secretary of War, Mr. Baker, considered the Alabama Power Co. "generous and public spirited."

To-day it is attacked as a greedy corporation by some of those who have advocated the Ford offer. I wonder how Ford will be regarded five years from now if you accept his offer with a possible 8 per cent profit on fertilizer alone?

I believe in a square deal for all parties who make offers for Muscle Shoals, and I call your attention to the following extracts from the hearings before the Military Affairs Committee Friday, February 24, 1922, at page 669 of the hearings during the Sixty-seventh Congress, and especially to the letter of Secretary Baker, which was read at my request, although introduced by some one else, and I had never heard of it before. In the interest of farmers note the following:

Mr. KEARNS. Then, if Congress should authorize the Secretary of War to accept the Ford offer, then it would be transferring to Ford a part of your property for which the Government never had any kind of a contract.

Mr. MARTIN. That is correct, Mr. Kearns. We did convey to the Government, in fee simple, several years ago, the site at which the Wilson Dam is being erected. We also owned that and we conveyed that to the Government in 1918 for \$1.

Mr. KEARNS. But that does not include these other properties?

Mr. MARTIN. No, sir; that land which constituted the abutment sites of Dam No. 2, the Wilson Dam, we had expended upward of \$500,000 on its development, and at the inception of the war we were asked to hasten the whole program, and we conveyed that title to the Government for \$1.

Mr. KEARNS. Was there a provision in the contract or in this conveyance whereby the Government was to return it to you?

Mr. MARTIN. No, sir; we practically donated it to the Government.

Mr. KEARNS. You donated \$500,000 worth of property to the Government for \$1?

Mr. MARTIN. Yes, sir. I have in my hands the letter, if you care to know about it, to the Government officers tendering it, giving our reasons for it, and the answer of the Secretary of War acknowledging it with thanks and appreciation; if you would like to hear it, I would be glad to read it.

Mr. KEARNS. You can put that in the record.

Mr. HILL. May he not read that, Mr. Chairman? I would like very much to hear it.

The CHAIRMAN. Is it very long, Mr. Martin?

Mr. MARTIN. No, sir.

The CHAIRMAN. Then you might read both the letter transmitting the offer and also the letter accepting it.

Mr. MARTIN. I am reading from a letter dated February 18, 1918:

ALABAMA POWER CO.,
Birmingham, Ala., February 18, 1918.

Col. C. KELLER,

Corps of Engineers,

Office of the Chief of Engineers,

United States Army, Washington, D. C.

SIR: Following the several interviews which I have had with you recently on the subject of the desire of the Government to acquire from the Muscle Shoals Hydroelectric Power Co. the dam site and certain other properties at Muscle Shoals, I have conferred fully not only with the directors of that company but also with the representatives of the security holders of the Alabama Traction, Light & Power Co. (Ltd.). As I believe I explained to you, the last-mentioned company is interested by reason of its stock holdings in Alabama Power Co., which latter company owns the stock of the Muscle Shoals Hydroelectric Power Co.

The properties in question represent a very heavy investment by our company, and have occupied an important position in our plans for securing power for the future. For several years we have worked on plans for ultimately developing these water powers as an integral part of the hydroelectric system which will be required by our companies to meet the needs of the communities which they serve. Much of this work was done by us in collaboration with the Army engineers, looking toward a development in cooperation with the Government on some such plan as was favorably reported on by the Army engineers in House Document No. 1262, Sixty-fourth Congress, first session.

I am advising very briefly to these features, as I judge from the several interviews which I have had with you and with other representatives of the Government that you are fully aware of what the company has done in preparation for the ultimate development of this water power, and I believe you appreciate that it should receive consideration in the disposition of any surplus power not required for the needs of the Government.

From our recent interviews it is obvious that our respective views as to the value of our property and the price which you would agree to pay are quite irreconcilable. As directors of a large public-service corporation, we have always believed that in addition to the development of our water powers at Muscle Shoals being a very valuable and necessary complement to our system

throughout the State, the large industrial community which would grow up at Muscle Shoals would add a special value to that power plant. In times like these, however, such considerations must be secondary to the urgent needs of the Nation to secure these properties immediately for the carrying out of the Government project for the production of war nitrates, and we have accordingly determined to donate our lands to the Government for this purpose. I have already given instructions to the company's attorneys for the preparation of the necessary deeds of conveyance.

It is our understanding from you that the Government only desires to acquire the site at Dam No. 2 and adjacent properties, with flowage easement on such of our other properties as may be affected by this development.

I need hardly assure you of the desire of the company to cooperate with the War Department to the fullest extent in placing at your disposition the benefit of all our engineering studies and records relating to the projected development.

I trust that this disposition of the matter meets with your views.

Yours very truly,

JAMES MITCHELL, President.

Then, on the 20th of February, 1918, a letter from the Secretary of War:

WAR DEPARTMENT,
Washington, February 20, 1918.

Mr. JAMES MITCHELL,

President Alabama Power Co., Birmingham, Ala.

DEAR SIR: Referring to your letter of the 18th instant, addressed to Colonel Keller, in which you express the willingness of your company to donate to the United States certain properties and flowage easements needed for the proposed Federal power development at Muscle Shoals, I beg to acknowledge with thanks the company's generous and public-spirited action.

The further steps necessary in regard to the matter will be given immediate attention.

Very truly yours,

NEWTON D. BAKER,
Secretary of War.

Then, I have in my hand a photograph of the check which we received from the United States in the sum of \$1 in payment for these lands.

Mr. KEARNS. And that was land connected with Dam No. 2?

Mr. MARTIN. Dam No. 2, the Wilson Dam.

Mr. KEARNS. Which had cost your company \$500,000?

Mr. MARTIN. Yes, sir; slightly less than \$500,000 we had expended in connection with that development.

I never saw Mr. Martin before he came before our committee. I have never seen him except in relation to hearings on Muscle Shoals. I do not know whether he claims to be a philanthropist or not, but here are the thanks of Secretary Baker to his company. This is a pure business proposition, gentlemen. If you really want to take the profit out of the building of the dams, adopt my proposed amendment. If Mr. Ford is really a philanthropist, his advocates here will vote for it. [Applause.]

Mr. McDUFFIE. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman and gentlemen of the committee, of course it is impossible to discuss this question at length in five minutes. I dislike to impose upon the time of the committee, but being unable to get time under the general debate on the bill, I feel I can not let an opportunity pass without adding my enthusiastic indorsement to the action of the majority of the members of the Committee on Military Affairs in presenting this bill in its present form to the House. For two years the Congress and this great Committee on Military Affairs have been considering the Ford offer and during those two years, despite the interest and opposition shown to the Ford offer by practically all the hydroelectric power companies of the country, no better offer has been made. Indeed, no offer has been made that can compare favorably with the Ford offer, having in view the carrying out of the policy of the Government as expressed in the act of Congress in 1916.

The Committee on Military Affairs of this House, which has always been a nonpartisan committee and which must necessarily be nonpartisan as to matters pertaining to our national defense, has studied this problem from alpha to omega and has carefully considered every offer submitted. That committee has faithfully safeguarded the interests of the Government at every turn under the provisions of this bill, and a very large majority of its members have presented the bill here for our consideration. In doing this they have responded to an urgent demand of a vast majority of the people of this country for immediate action by Congress as to the disposition of Muscle Shoals. There is no question in my mind but that a very substantial majority of the people demand that this Congress accept the offer of Mr. Ford. And yet gentle-

men are here presenting amendment after amendment to the bill containing the Ford offer, or a proposal to accept that offer, for this great water-power project. I agree with the chairman of the committee, if we must adopt amendments to the Ford proposal in order to meet the views of every man, especially those of men who have not studied this proposition, why we may as well say so and stop this proceeding.

Mr. DAVIS of Tennessee. Will the gentleman yield?

Mr. McDUFFIE. I will.

Mr. DAVIS of Tennessee. And the amendments are offered by men who will not support the bill even if their amendments are accepted.

Mr. McDUFFIE. I would not say that applies to all who wish to amend the bill. Of course, there are those who wish to defeat the Ford offer in any way possible.

Mr. HILL of Maryland. Will the gentleman yield?

Mr. McDUFFIE. Not now; I do not wish to be discourteous. I think there are gentlemen on this floor who are perfectly sincere in feeling that probably additional safeguards should be put in this bill in order to properly protect the rights of the people and the Government in the years to come. I can but believe, however, if they will carefully study all the provisions of the bill they will agree that it needs no amendment in that regard. For myself, I believe those gentlemen who have made it their business to study this Ford offer know more about it than anyone else who has not given to it a great deal of study and attention. Therefore I think we should accept the bill as it is written and pass it without amendment. Personally I can but believe that those who are really for the Ford offer will prefer to see it passed without any change whatsoever.

Mr. WURZBACH. Will the gentleman yield?

Mr. McDUFFIE. I regret I can not now, as I wish to make some further remarks and my time is very limited. I hope the gentleman will excuse me.

Now, gentlemen, I submit that no one can view this question as a sectional or partisan problem, but every man here must realize that it is a matter of a great national policy. I confess I was surprised and disappointed that the distinguished gentleman from Indiana [Mr. Wood], for whose industry and intellect I have always had the greatest respect, should stand here and say, if Muscle Shoals were in some other section of the country, we who happen to have a local interest in it, would not vote for it.

I do not believe the gentleman from Indiana speaks the sentiment of a dozen Members on this floor. I am exceedingly glad that the membership of this House have not come to the point where they will refuse to approve any legislation that does not bring some peculiar benefit to their respective districts or sections of the country. Let me remind you, gentlemen, that often, and time after time, we have heartily supported your great irrigation and reclamation projects of the West. Time after time we have stood, and will continue to stand, shoulder to shoulder with you who have advocated great national projects carrying out our national policy of conservation and development. I need not tell you again that to-day we are dealing with a national problem, and not a local one. This bill involves a question of national defense and the carrying out of the policy of the Government as set forth in an act of Congress in 1916, when the first dollar was spent at Muscle Shoals. We are not dealing with an ordinary water-power site, such as would ordinarily be subjected to the provisions of the Federal water power act. In my opinion the Congress has a different policy specifically as to Muscle Shoals; at least, it has not been the intention that the power site at Muscle Shoals should come under the jurisdiction of the Federal Power Commission. This bill contains a proposal to accept the only offer or proposal ever made to the Government that in any appreciable manner meets the fixed policy of the Government in dealing with this national project.

There is no reason for us to be swept away from the issue by the cry that is raised against a vast expenditure of public money by Henry Ford in the completion of Dam No. 2 and the construction of Dam No. 3. What better safeguard could be provided against the useless expenditure of this money than to provide, as the bill does, that he pay 4 per cent interest on the money required for this work? Do you believe he will make the expenditures as large as possible just for the privilege of paying 4 per cent interest on it for 100 years?

This is not a proposition to make money, though we like to be assured that the Government will be reimbursed. Under the offer of Mr. Ford, I am informed the Government will receive annually approximately \$300,000 more than it would receive under any other offer, including the last and best offer of the power companies. We built the Alaskan railroad at public expense of many millions and it has not be-

gun to pay any interest on the money. I supported an appropriation for it because a great national policy was involved. The same may be said of the Panama Canal, though it has begun to show returns. How much money have we expected or received for our investment in irrigation and reclamation projects? Yet in this Ford offer it seems assured that the Government will have returned to its Treasury every dollar to be expended with interest at 4 per cent. I submit it is not such a bad business deal after all.

There are only two courses open for us to follow. The one is Government ownership and operation and the other is to sell or lease to some private enterprise that will carry out the national policies involved. I can not believe this Congress is quite ready for Government operation. It has been suggested by a very few in the course of this debate. We all know that our Uncle Sam is a very poor business man. Therefore we should lease or sell, and we should make the best bargain possible. This bill represents the best we can do.

I am sure the gentleman from Texas [Mr. BLANTON] is thoroughly earnest and sincere in his contentions, but let me beg you gentlemen, if you really wish to settle this problem for the American people, not to urge these amendments that will destroy this bill and defeat the very purpose of this legislation which evidently a majority of the American people are demanding. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. McDUFFIE. I desire to revise and extend my remarks if permission has not already been granted.

The CHAIRMAN. The gentleman has that permission.

Mr. KEARNS. Mr. Chairman, I move to strike out the last word. Mr. Chairman and members of the committee, I am one of the Members of those who are opposed to the Ford offer for Muscle Shoals ever since I have studied it and listened to the testimony two years ago. I am opposed to this bill because I believe it is open to legitimate criticism in a great number of places. I am opposed to it because I do not believe that its terms grant the thing that the proponents of this bill claim that it will give to the people of this country. As to the fertilizer clause contained in this offer I am of the opinion that it does not compel Mr. Ford at all times and under all circumstances to furnish fertilizers to the farmers of this country. And let me say to you without this bait we are holding out to the farmers of the United States that there would not be a handful of the membership of this House who would vote for this bill. Therefore the gentleman from Ohio [Mr. BEGG] recognized the truthfulness of the statement I am making, and has already offered an amendment to this bill that will make it compulsory upon the part of Mr. Ford to make 40,000 tons of nitrate per annum or in the event that he fails for two years to do this to reconvey the property that he has gotten for nothing from the United States back to the Government. Now you say he is going to do this. Then why object to this amendment. If you say that the terms of the bill, which are rather crude, are intended to do this, why object to the amendment he now offers that would make it compulsory upon his part beyond peradventure of a doubt to furnish this, because that is what every farmer of the country—

Mr. BANKHEAD. Will the gentleman yield?

Mr. KEARNS. For a brief question.

Mr. BANKHEAD. The gentleman is a member of the Committee on Military Affairs?

Mr. KEARNS. No; I used to be but I am not now.

Mr. BANKHEAD. Did the gentleman offer this amendment in committee when the matter was up before the committee?

Mr. KEARNS. I did not offer it because I could not get such an amendment accepted by the committee at that time.

Mr. BANKHEAD. Did the gentleman—

Mr. KEARNS. I have answered the gentleman's question and I desire to be entirely courteous to the gentleman, and I assert this was discussed in the committee two years ago, and the only reason it was not written in the provisions of this bill was because it was thought if it was tied up too much Mr. Ford would not accept—

Mr. HUDSPETH. Will the gentleman yield?

Mr. KEARNS. I will.

Mr. HUDSPETH. The gentleman has made a study of the bill which I have not had the opportunity. I want to ask my friend from Ohio with section 14 of this bill as it is written will it not compel Mr. Ford or his company to manufacture 40,000 tons of nitrate every year instead of one year out of three?

Mr. KEARNS. I thank my good friend from Texas for asking me that question, and I shall be glad indeed to give him the benefit of my opinion, if it is worth anything. I am going to read:

The company expressly agrees that, continuously throughout the lease period, except as it may be prevented by reconstruction of the

plant itself, or by war, strikes, accidents, fires, or other causes beyond its control, it will manufacture nitrogen and other commercial fertilizers, mixed or unmixed, and with or without filler, according to demand.

Now, he is allowed to charge 8 per cent on the investment. Will the gentleman from Texas listen to this: Suppose the 8 per cent that he is allowed to charge should make the cost of manufacturing this fertilizer there so expensive that the farmers can not buy it? Therefore there is no demand.

Mr. HUDSPETH. Then there will be no necessity for manufacturing 40,000 tons, if there is no demand.

Mr. KEARNS. Yes. Make him manufacture 40,000 tons year after year, and he will be compelled to sell it, regardless of cost and at a price that will enable the farmers to buy it.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. HUDSPETH. Mr. Chairman, I ask that my friend from Ohio may have two minutes more.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that the gentleman from Ohio may have two minutes more. Is there objection?

Mr. GARRETT of Texas. Mr. Chairman, we can never get through this bill section by section if under section 2 we can discuss section 14. I am not going to object to my friend from Ohio getting two minutes' more time, but hereafter when gentlemen want to discuss the fertilizer section they should wait until we get to that. We shall never get through if gentlemen can discuss section 14 under section 2.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. KEARNS. If my fears should prove to be true, then if you will adopt the Begg amendment, regardless of whether there is a demand or not, Mr. Ford must make this fertilizer, 40,000 tons of nitrate each year, and must sell it at a price at which the farmers will demand it; consequently you will get cheap fertilizer. If he is going to make it anyhow, this amendment can do no harm. I advocate that because I want to see the farmers get what they are told they will get. There is much said here about those opposing this bill and—

Mr. HUDSPETH. It permits him to lie idle two years out of three in the manufacture of fertilizer under the Begg amendment. That is the harm I anticipate will follow the adoption of the Begg amendment.

Mr. KEARNS. If the Begg amendment is open to that objection it ought to be cured.

There has been much talk here, I say, to the effect that the membership of this House that is opposed to the Ford offer for Muscle Shoals was linked up with some combine or with Wall Street. I want to say to the gentleman from Alabama that I never knew but one man who was interested in the water-power business in all my life, and that is his own neighbor, Mr. MARTIN, the only man I ever saw who was interested in it. I do not know of one man who is interested in the manufacture of fertilizer, either as an employee or as a manufacturer. I do not know any of these men. I am opposed to this bill because I want to do for the farmer the thing you claim this bill will do. I want to ask the gentleman from Mississippi [Mr. QUIN], who yesterday made the statement that if Mr. Ford got this great water power down there he was going to send out this power in every direction from Muscle Shoals and sell it to the small industries down there and to the farmers. I see the gentleman from Mississippi [Mr. QUIN] is not listening. I want to know where he gets the authority for this statement. He does not get it from the hearings. He does not get the authority for that statement from the bill itself. Where does the gentleman get authority for saying that Mr. Ford is going to sell this power?

Mr. QUIN. From the statement of his representative in October.

Mr. KEARNS. Are you going to rely on that statement? I recall that a representative of Mr. Ford said positively he was going to use that power for his own purposes and would not use a kilowatt of power for the manufacture of fertilizer. If Mr. Ford or his representative has made that pledge, why not write it in the bill? Why, a member of the Farm Bureau who is lobbying for this bill has had the audacity to make the statement to the farmers of this country that Mr. Ford was going to sell the power to run the machinery of the farms, and was going to light villages, towns, and cities with his electricity, when there is not an iota of testimony upon which to base such a statement as that.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. KEARNS. I wish I had more time. I would like to know. [Applause.]

Mr. McKENZIE. Mr. Chairman, I shall not take the time of the House to debate the amendment offered by my good friend from Maryland [Mr. HILL]. It is wholly an unnecessary amendment, in my judgment.

The CHAIRMAN. The pro forma amendment offered by the gentleman from Ohio [Mr. KEARNS] is withdrawn, and the question is on agreeing to the amendment offered by the gentleman from Maryland [Mr. HILL].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 3. The company will lease from the United States Dam No. 2, its power house, and all of its hydroelectric operating appurtenances, except the locks, together with all lands and buildings owned or to be acquired by the United States connected with or adjacent to either end of the said dam, for a period of 100 years from the date when structures and equipment of a capacity of 100,000 horsepower are constructed and installed and ready for service, and will pay to the United States as annual rental therefor, 4 per cent of the actual cost of acquiring land and flowage rights, and of completing the locks, dam, and power-house facilities (but not including expenditures and obligations incurred prior to approval of this proposal by Congress, payable annually at the end of each lease year, except that during and for the first six years of the lease period, the rentals shall be in the following amounts and payable at the following times, to wit: Two hundred thousand dollars one year from the date when 100,000 horsepower is installed and ready for service, and thereafter \$200,000 annually at the end of each year for five years.

With a committee amendment as follows:

Page 3, line 9, strike out the words "approval of this proposal by Congress" and insert "May 31, 1922."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. BURTON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Ohio offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BURTON: Section 3, page 2, line 23, after the words "United States" insert the words "under the terms of the Federal water power act." Page 3, line 2, strike out the words "one hundred" and insert the word "fifty."

Mr. BURTON. Mr. Chairman, the discussion and disposition of this amendment, I think, will save a great deal of desultory debate, because it goes right to the substance of the questions that have been brought forward here.

I favor this amendment, in the first place, because it is in accordance with the policy of the United States Government established by a statute passed in 1920, and because after the thought of the best minds in the country had been brought to bear upon this problem, even those who were seeking to exploit water power and desired special privilege, nearly all of them, as represented by electrical engineers and promoters, agreed that this was right.

In the next place, it is utterly unfair to those who have been developing water power and who have accepted licenses under this act of 1920 to give to another person a privilege denied to them. They have, some of them—yes, many of them—gone out into the wilderness; they have gone into communities where there was no industrial development, no considerable population, and ventured their capital in sums small and large for the development of this country.

But here what do you have? You have the Government building two dams at an expense of over \$75,000,000; you have a bill by which the Government shall maintain those dams on the allowance of a mere pittance; you have a form of privilege under which the Government takes all the risk and the party who exploits it takes all the gain. I say that is grossly unfair to others who have taken up this water power in quantities surpassing that at Muscle Shoals. It is unfair to the Government as well.

There is an analogy between this and some other things—oil, gas, forests. This is the best and most effective statute of any of them. This is the best policy; this is the one best adjusted.

Now, I went over this subject two days ago, but at the risk of repetition I shall show some respects in which this discriminates against all others, and in which the Ford offer is alto-

gether out of keeping with the policy of conservation, by which those who are opposed to waste and to monopoly will stand and stand right here, and if defeated now we will stand by that policy in the future, appealing to a more-informed sentiment upon the subject.

I believe in the conservation of forest, mine, and water power. I believe in looking forward to the future. No one knows what will happen in 100 years nor in 50 years. Science by its developments, thick and fast, is revolutionizing methods, oftentimes every year, and we can not afford to tie up this water power.

I will call attention to only a few of the things in which this is a departure from the policy of the Government.

PROVISIONS OF FEDERAL WATER POWER ACT VIOLATED OR IGNORED BY THE FORD OFFER.

COMPREHENSIVE SCHEME OF DEVELOPMENT REQUIRED.

1. As a part and condition of any license issued to develop water power, the project adopted, its plans and specifications must be such in the judgment of the power commission as are—

best adapted to a comprehensive scheme of improvement and utilization for the purposes of navigation, of water-power development, and of other beneficial public uses. (Sec. 10 (a).)

EXCESS PROFITS APPROPRIATED.

2. Excess profits of the licensee from the water must be paid to the United States, whether they are profits of a public utility or a private user. (Reg. 18, sec. 106.)

LIMITATION OF TERM AND RECAPTURE.

3. The franchise is limited to 50 years, conditioned upon acceptance of all the terms and conditions of the act. (Sec. 6.)

At the end of the 50 years, the right is reserved to the Government to take over the project upon payment of the net investment by the licensee, but not to exceed its fair value, and excluding any consideration for good will, going value, or prospective revenues, or rights granted by the franchise. (Sec. 14.)

At the end of 50 years, in the event the Government does not exercise the right to take over the project, preference by section 7 is given to applications by States or municipalities.

The right of the United States or any State or municipality is expressly reserved to take over by condemnation proceedings and maintain and operate the project at any time during the 50 years license period upon payment of just compensation to the licensee therefor. (Sec. 14.)

That is, during the 50 years there is the right reserved in the United States to take over the property on paying just compensation.

RENEWAL.

No preference right for renewal of the franchise or any proprietary claim for power is secured to the licensee. If a license is renewed, it must be under the then existing law and conditions. (Sec. 15.)

NO TRANSFER WITHOUT APPROVAL.

4. The licensee can not execute a transfer of any right secured under the license or of property under the license without written approval of the power commission. All transfers or assignments, whether by judicial sale or foreclosure, must be subject to the conditions of the act. This provision is construed by the present power commission to extend to a lease of any property under license. (Sec. 8.)

MAINTENANCE AND OPERATION.

5. The licensee is required, at its own expense, under supervision of the power commission, at all times to maintain the project adequately for purposes of navigation and efficient operation in the development and transmission of power, must make all necessary renewals and replacements, and must maintain adequate depreciation reserve. (Sec. 10c.)

POWER FOR NAVIGATION FACILITIES.

6. The licensee is required to provide, free of cost, power for operation of all navigation facilities (sec. 11c), and authority is reserved in the Government at all times to prescribe regulations in the interest of navigation, including control of the pool level and installation of necessary lights and signals. (Sec. 18.)

REGULATION OF RATES, SERVICE, AND SECURITY ISSUES.

7. A licensee which is a public utility corporation must abide by such reasonable regulation regarding the services rendered its customers and its rates and charges of payment therefor as may be prescribed by the State; and if there be no laws of the State, regulating rates, services, or security issues, then the Federal Power Commission exercises such regulation (sec.

19); and if the power enter into interstate commerce and the States can not agree, then the Federal Power Commission makes such regulations. (Sec. 20.)

8. All rates for power sold in public service entering into interstate commerce must be "reasonable, nondiscriminatory, and just to the customer, and all unreasonable discrimination and unjust rates or services are hereby prohibited and declared to be unlawful." (Sec. 20.)

Even where the licensee sells to another company for resale to the public, the act undertakes to regulate rates, service, and security issues of that purchaser from the licensee in the event there is no local regulation. (Sec. 19.)

AMORTIZATION PAYMENTS.

9. After 20 years of operation amortization reserves are required out of surplus earned thereafter, if any, in excess of a specified reasonable rate of return upon the actual legitimate investment, to be held until the termination of the license or applied, in the discretion of the power commission, in reduction of the net investment of the licensee. (Sec. 10d.)

HEADWATER IMPROVEMENTS.

10. The licensee is required to make equitable contribution for benefits accruing to it from headwater improvements, either by storage reservoirs or otherwise, whether done by other licensees or by the Government. (Sec. 10f.)

COMBINATIONS PROHIBITED.

11. "Combinations, agreements, * * * or understandings, express or implied, to limit the output of electrical energy, to restrain trade, or to fix, maintain, or increase prices for electrical energy or service, are hereby prohibited." (Sec. 10h.)

USE FOR NATIONAL DEFENSE.

12. The right is expressly reserved to the United States at any time to take over a project when in the opinion of the President the safety of the United States demands for manufacturing nitrates, explosives, or munitions of war, or for any other purpose involving the safety of the United States, involving a liability only for just and fair compensation for use of the property taken, to be determined by the power commission upon a basis of a reasonable profit to the licensee in peace time, plus the cost of restoring the property to as good condition as when taken, less a reasonable value for improvements made by the United States that are serviceable and valuable to the licensee.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BURTON. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes, although I may desire more than that, because my convictions on this subject are so strong that I want to present them fully to the committee.

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent that the gentleman from Ohio be allowed to proceed for 10 additional minutes.

Mr. MORIN. Mr. Chairman, reserving the right to object, I ask unanimous consent that the gentleman from Ohio be permitted to proceed until he completes his statement on this amendment.

Mr. BURTON. I should not wish to ask that, because I think in 10 minutes I can finish.

Mr. MORIN. Then, Mr. Chairman, I withdraw my objection and my request.

The CHAIRMAN. The gentleman from Alabama [Mr. OLIVER] asks unanimous consent that the gentleman from Ohio may proceed for 10 additional minutes. Is there objection?

There was no objection.

Mr. BURTON. This statute evoked most careful consideration during three or four administrations. I give credit to President Roosevelt for having initiated the general idea; President Taft also promoted it; President Wilson and Secretary Baker, from whom a letter will be read during the course of this discussion, rendered excellent service upon it; and I ought not to omit Secretary Lane, Secretary Houston, and others. But this Congress is asked to cast down the result of all their labors and to destroy this policy.

Oh, but we are told by the gentleman from Tennessee, for whose judgment I have the highest respect, that this is a contract, and that you must not vary from it. Why, Mr. Chairman, there have been several contracts made within the last few years that we should have amended very decidedly; and that is not confined to any one administration. [Applause.]

What was the excuse for the Teapot Dome contract? And the contract in itself is not such a dreadfully bad thing. It was intended that the Government should retain the oil reserves; but along came some persons who said, "The oil supply is being depleted. More than that, we must dig out the oil for

the Navy; we must put it in tanks, and so we will make a modification of the laws and regulations." I do not care to express an opinion here as to whether that contract was legal or not; but I do say this, that the contract was an unusually favorable one for the Government. Instead of the usual royalty of 10 per cent or, at the outside, 20 per cent, turned over to the lessor, it provided that from 12½ per cent for the least-producing wells up to 50 per cent for the best wells should go as royalty to the Government—an unprecedented proposition.

It also provided that storage tanks should be built and that a pipe line be constructed at a cost of \$9,000,000, but universal condemnation has rested upon that contract, or, at least, condemnation has rested upon one person, the Secretary of the Interior, because of his affiliations with the parties and because of secretive methods. But that is not as bad as the contract you are proposing here, that is not as wide a variation from settled policy as this, nor does this promise such advantages.

You have established a policy by the water power act which makes these resources available for the future, it authorizes such changes as time and development may require, and it does away with discrimination. But monopoly and discrimination abide in every section of this bill, and I shall call attention to them as we go along.

Now, Mr. Chairman and gentlemen, Mr. Ford ought not to object to submitting to the same regulations which others have met. I repeat, he is very much more favorably treated than others who go out and risk their own capital. The dams are to be built for him, and the steam power plant, for which \$4,500,000 is offered and which rents for \$350,000 a year, is there. He asks that of the \$5,000,000 he pays, \$3,500,000 shall be set aside for replacing a plant with 40,000 more horsepower. I can not understand how gentlemen can think they can grant such privileges and so give away Government property.

I do not wish to see this project delayed. I hope to see something done about it. There has been occasion for criticism from the other side about the delay. I have not a bit of doubt but that some of the water-power users and developers thought, "Oh, that whole expense there will amount to nothing and it will go into scrap and we can get it for a song." They were standing by and thinking they would buy for little or nothing. Along came Mr. Ford and took advantage of that situation and made an offer. If he will submit to the regulations to which every other citizen and to which every one of us would have to submit, and if he will pay a fair price for the property, I would like to see Mr. Ford have it, but this Congress is not here to grant special privileges to Mr. Ford or to any other great capitalist of the country.

Mr. BLANTON. Mr. Ford makes us a proposition. If, in the interest of the Government, we see fit to change it a little and say to Mr. Ford, "Here is our proposition," can Mr. Ford take any offense at that?

Mr. BURTON. I think if it should be one of us and we were dealing with a person and made a proposition, we would hardly expect that the exact words of our proposition would be accepted by somebody else.

A few days ago very bitter complaint was made because a Government official, a responsible Secretary of the Treasury, had sent in a bill here, and it was said that we must not take that, but to-day we are told we must swallow Mr. Ford's offer as a contract or we can not carry it through. [Applause.] The question is, are you going to swallow it?

Mr. McSWAIN. Will the gentleman yield?

Mr. BURTON. I yield to the gentleman from South Carolina.

Mr. McSWAIN. The gentleman having already spoken for more than 60 minutes on this bill and not having once mentioned the matter of national defense, let me ask him if these other persons and companies that have developed water power against whom he says there would be a discrimination, have obligated themselves to maintain a nitrate plant ready at all times, for 100 years, to provide nitrates for this Government in the event of war and ready to instantly go into the manufacture of it.

Mr. BURTON. Now, that seems like a poser. The gentleman omitted to hear what I said the other day, and I read the provision. I will not read it again, but every man and every corporation that has a license under the water power act, which I am seeking to have binding here, must agree that he will turn over the property to the Government for the purpose of making explosives at any time.

Mr. McSWAIN. If the gentleman will yield, I will say that I not only listened to every word he said, but I have read the Federal water power act many times and I will ask him

whether in a single case where a concern got a license under the Federal water power act they agreed to maintain their plant for the fixation of nitrogen from the air so it could be converted into manufacturing explosives within five days.

Mr. BURTON. See how easy an answer calls that down. There is already the nitrate plant there constructed by the Government. Mr. Ford does not have to construct it. It is there ready to be maintained. That absolutely forecloses your question and makes that idea of no account whatever.

Mr. McSWAIN. What about these other people at Keokuk?

Mr. BURTON. That is merely sentimental, whether they offer to do it or not. The plant is there, and it has been constructed at the expense of the United States Government, and Mr. Ford does not have to pay a nickel to construct it. Why, the idea of giving him credit for turning over to the Government something that he gets for practically nothing, that he did not build, and that he had nothing to do with, but which was built by the Government of the United States at the expense of the Government.

Mr. McSWAIN. Does the gentleman assume it would cost nothing to maintain it and to keep it in condition for 100 years so it can, on five days' notice, begin the making of explosives?

Mr. BURTON. Whatever is available for the manufacture of nitrates is available for explosives, and there is provision in the bill for maintaining this plant, and the Government itself must provide for the repair, maintenance, and operation of Dam No. 2. This shows how Mr. Ford has the advantage.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. HILL of Maryland. Mr. Chairman, I ask unanimous consent that the gentleman from Ohio be granted five additional minutes.

Mr. BURTON. I do not wish that, gentlemen. I may say, Mr. Chairman, that I am intending to be heard later on some other amendments and am afraid the committee will be tired of hearing me before I get through.

Mr. BEGG. Mr. Chairman and members of the committee, it is not at all a delightful task to differ so radically with my genial and learned colleague from my State, whom every man loves and respects. However, I find myself in this bill on the directly opposite side from him on the 50-year and 100-year proposition, with the understanding, of course, that the amendment, revised, which I suggested yesterday, will be adopted. And I am going to say I believe it will be adopted, and if it is adopted then there is not a possible chance for Henry Ford or any other man ever coming into control of this water power and failing to make 40,000 tons of fixed nitrogen or more annually or over 2,000,000 tons of actual commercial fertilizer. It is on that basis I want to argue in favor of 100 years as against 50 years. My good colleague from Ohio [Mr. BURTON] argues that we should not stray away from the Federal water power act and its 50-year provision; but, my colleagues, I want to call your attention to this difference. There has never been a license issued under the Federal water power act that was not issued for the selfish interests of the man obtaining the license [applause], and I maintain and argue that instead of straying away from the policy of Roosevelt of conservation of national resources we are only holding fast to that policy if we can tie up any man or set of men to produce a minimum of 40,000 tons of fixed nitrogen for the constant upkeep and improvement of the fertility of the soil. If that is true, that is conservation. That is not wastage, and, added to that, there is a commission provided in this bill, which is a Government commission, to regulate the price at which this fertilizer can be sold.

Mr. ALMON. And the distribution?

Mr. BEGG. And the distribution.

Mr. MADDEN. Will the gentleman yield? And the States regulate the price at which the current will be sold.

Mr. GRAHAM of Illinois. Where does anybody get that impression? I say that is not the law.

Mr. BEGG. I will not admit that is the law, because I am one who does not believe they intend to sell the current. I believe they are going to use it for manufacturing; still I am for it on a 50-year basis. Now, men, as business men let me call your attention to another vital proposition as against any proposition under the Federal water power act.

I am going to assume that I get a lease under the Federal water power act, and I care not what the purpose is or what I manufacture. The United States does not make it its business at all as to what price I am going to sell that commodity. The Government is not interested in that, and I go ahead and include in the cost of the product that I am going to manufacture and market a return on the capital invested; regardless of whether I have amortized my capital in a bank account, I

still continue to charge so much earning power on my capital. There is not an industry in the United States that does not do it now. I am charging an earning power on my capital even though my dividends have exceeded my capital ten times. In this bill it is decidedly different. We do not give Mr. Ford or the corporation that power. Here is what we do give them: We give them the power to amortize the capital stock, or the cost of it, in 100 years, and from the time of the 100 years thereafter every ton of fertilizer made at Muscle Shoals will be sold on the basis of cost less the capital stock charge.

Now, if that is true—and I challenge anybody who opposes the 100-year proposition to prove that it is not true—the Government has it within its power at all times to compel the sale of nitrate at the actual cost of the labor and material with no capital stock charge against that. And in 100 years from now who knows how many people will have to be fed off the fertile fields of the United States, because fertilizer may be one of the big factors included in the consumption cost and will affect every man, woman, and child, whether he lives in a city or on a farm.

And because this is different in that respect than any contract made under the Federal water power act, I maintain it is justification enough to make it 100 years instead of 50 years. [Applause.]

Mr. HULL of Iowa was recognized.

Mr. McKENZIE. Mr. Chairman, before proceeding further I would like to see if we can not arrange as to the limit of time to be consumed in the discussion of this section. I would like to ask the gentleman from Iowa what he thinks about a time limit.

Mr. HULL of Iowa. I think it would be advisable for us to allow the discussion to run along for 30 minutes or so and then perhaps we can come to some agreement.

Mr. McKENZIE. It has now been running 20 or 25 minutes.

Mr. HULL of Iowa. There is an important amendment pending and an important amendment to be suggested. The real merits of the bill are contained in this section.

Mr. McKENZIE. I suggest to the gentleman from Iowa that we have one hour for debate, to be equally divided between those opposing and those in favor. Will that satisfy the gentleman?

Mr. HULL of Iowa. On this amendment?

Mr. McKENZIE. On this section and all amendments thereto.

Mr. HULL of Iowa. No; because there are two or three other amendments to be offered to this section. Let us go on for half an hour.

Mr. MILLER of Washington. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Iowa has been recognized and has the floor.

Mr. HULL of Iowa. Mr. Chairman, I send a letter to the Clerk's desk and ask to have it read in my time.

The Clerk read as follows:

UNION TRUST BUILDING,
Cleveland, Ohio, March 4, 1924.

MY DEAR MR. HULL: Through your kindness I have just received a copy of the minority report from the Committee on Military Affairs, dated February 8, with reference to the proposed disposition of the Government's interests and properties at Muscle Shoals. The discussion of the several "offers" made for the purchase or lease of these properties is most informing, and I congratulate you upon the wisdom and farsighted patriotism with which the report is infused. I have always thought and continue to think that it would be a public calamity to have this great national asset come into private hands upon any terms now possible to be secured. The progress of invention can not be foretold, but it is wholly within the bounds of reasonable likelihood that within a very few years the production of synthetic nitrogen compounds, without great power consumption, will be cheap and easy and that in such event it would be wasteful to devote any substantial part of the available power at Muscle Shoals to that use. But it is certain that with every passing day in the United States the population and their transportation and industrial needs grow greater and the stocks of unmined coal and unpumped oil grow less, and it inevitably follows that in relatively few years the possession of this immense source of power means dominance over the lives and fortunes of a rich and populous section of our country. Muscle Shoals is an inexhaustible national asset. It is too large and too vital an element in our national economy, whether in peace or war, to be privately owned, either by an individual or a corporation. Impatience to recover a few million dollars in money and modest prospects of benefits to farmers are blinding us. The real interests of the farmers and of everybody else, for the hundred years in question, are identical with the national interest.

The water power act is framed to induce the development of doubtful projects by unusual rewards. So far from abating its provisions in any lease at Muscle Shoals they should be strengthened. This is not a doubtful project but a palpable gold mine.

Thank you heartily for your fine public service.

Cordially yours,

NEWTON D. BAKER.

Mr. HULL of Iowa. Mr. Chairman and gentlemen, the letter that has just been read was from the ex-Secretary of War, who unquestionably had more to do with Muscle Shoals than anyone else. I think you will all admit that. I myself had many conversations with Secretary Baker before the war and during the war in regard to Muscle Shoals. I perhaps received from him some of the inspiration that caused me to side with you gentlemen on this side of the House in demanding that we should develop Muscle Shoals, and now I, like the Secretary of War at that time, want to keep Muscle Shoals for the people of this country and not for the selfish private interests of anybody.

Mr. BANKHEAD. Will the gentleman yield for a question?

Mr. HULL of Iowa. I hope no one will interfere with me, because I was interfered with the other day and tried to answer everyone that came along, and it took up nearly all my time.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HULL of Iowa. I ask unanimous consent for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BANKHEAD. Will the gentleman yield for a brief question?

Mr. HULL of Iowa. Yes.

Mr. BANKHEAD. Does not the gentleman think that he is very inconsistent in reading a letter from ex-Secretary of War Baker, protesting private ownership, when he himself is sponsor for a bill directly violating that policy?

Mr. HULL of Iowa. I will explain—I sponsor nothing of the kind. I am beginning to believe, as the Secretary of War says, that this is too big to trust to any selfish private interest. I think that unquestionably, when you get through, that will be the final decision of the people of this country.

Now I hope that gentlemen understand it. I tried for two years to find out from Henry Ford and from others what Henry Ford proposed to do with Muscle Shoals—the second largest national enterprise you have. I have been unable to find out. The gentleman from Michigan [Mr. JAMES] the other day said that I had met Henry Ford. I did, and it was not for four or five hours. I was told that Henry Ford would come here to explain everything. I want to tell you about that visit. It was at the Union Depot. I was taken there, I think, by Judge ALMON, and on Henry Ford's car I met Mr. Ford. I asked Mr. Ford this question: "Mr. Ford, I would like to ask you a few questions in regard to what you propose to do at Muscle Shoals." Mr. Ford immediately said to me, "Mr. HULL, I have important business, and I want you to see somebody else about that. I know nothing about it."

That is as near as I have ever found out from Henry Ford or anyone else what he proposes to do. I have asked the committee for two years to have Henry Ford come before us and let us sit down as gentlemen should and talk about this great business proposition. I was told at first that that was what would happen. They have purposely, as I look at it, kept Henry Ford away. I was told that I could go to Detroit and they would make an appointment with him. I wanted to see him before I voted on that proposition. The appointment never was made, and Henry Ford, so far as I know, is just as far away as he ever was from the men who ought to be able to talk to him.

Mr. Chairman, this is an offer made by Henry Ford. The gentleman from Texas [Mr. BLANTON] stated it properly. It is now up to you gentlemen to say what you will offer to Henry Ford, and you have a perfect right to amend this bill as you see fit. You can change it. It is your offer to Henry Ford. It is idle to waste words and say that the great House of Representatives, representing the American people, can not change a contract. So far as I know this is the first time in legislative history that a contract like this has come before the House of Representatives. Usually it is a bill which we authorize, and then immediately afterwards we usually criticize the bill. To-day, to-morrow, or whenever you pass this bill, it will be you, and you alone, who are responsible for it.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. WINGO. When was it that the gentleman saw Henry Ford?

Mr. HULL of Iowa. At the very inception of this thing, about two years ago.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. OLIVER of Alabama. Mr. Chairman, I wish to discuss for a few minutes the amendment offered by the gentleman from Ohio [Mr. BURTON]. This is a vital amendment, and if accepted by the committee and by the House must be construed as a rejection of Henry Ford's offer for Muscle Shoals. The gentleman from Ohio [Mr. BURTON], a few days ago, on Wednesday, I think, spoke for 45 minutes on the pending bill, during which time he paid a glowing tribute to what he called our comprehensive national water power act, and he made bold to assert that Congress in passing that act in 1920 had established a definite and well-defined policy which, it was intended, should obtain and be applied to all future grants of hydroelectric development on the navigable streams of our country. The gentleman was in error, I think, in assuming that Congress had declared so comprehensive a policy as he outlined, because the very act of which he speaks carries limitations, and very wise limitations, on the powers of the commission appointed thereunder, and the project at Muscle Shoals falls clearly within the limitations so imposed on the commission.

There are two provisions of the act that limit the authority of the commission in the granting of licenses on navigable rivers. The first is found in the third proviso under subdivision "E" and reads as follows:

Provided further, That in case the commission shall find that any Government dam may be advantageously used by the United States for public purposes, in addition to navigation, no license therefor shall be issued until after two years after it shall have reported to Congress the facts and conditions relating thereto.

Then again, under section 7 of the power act, reading from the second paragraph, we find:

That whenever in the judgment of the commission the development of any project should be undertaken by the United States itself, the commission shall not approve any application for such project by any citizen, association, corporation, State, or municipality, but shall cause to be made such examinations, surveys, reports, plans, etc., and shall submit its findings to Congress.

Mr. BURTON. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. Let me continue, please, for a moment. The Secretary of War, a member of the commission, recognized the limitations thus imposed by the power act on the authority of the commission, and very properly, in calling for bids through the Chief of Engineers, gave notice that if any bids were submitted offering a fair return on what the Government had or might be required to expend in the completion of the project, he would refer the same to Congress. This he was compelled to do by the very terms of the act to which I refer. Congress in passing the act clearly recognized that there would be developments of such magnitude on our navigable streams as to far exceed in importance either navigation or power development—these purposes, though important, being mere incidents to the chief objectives sought. The project at Muscle Shoals presents an exceptionally good illustration of exactly what Congress had in mind in imposing these limitations on the authority of the commission. Certainly no one will contend that the commission under the power act is clothed with authority to carry out the broad and clearly defined purpose of Congress as set out in the national defense act of 1916, and which we are now endeavoring to provide for at Muscle Shoals. In the act of 1916 Congress was primarily providing for national defense in time of the Nation's need and for agriculture in times of peace—navigation and power development being simply incidental to these two great outstanding purposes.

An initial fund of \$20,000,000 was provided to carry out the purposes of the act. The President, in the exercise of his authority under the act, selected Muscle Shoals as the site for the building of a nitrate plant and providing water and steam power for its operation. It was intended to provide here explosives for the Nation in time of war and fertilizer for agriculture in time of peace.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent to proceed for five minutes longer.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BURTON. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. I gladly yield to the gentleman from Ohio.

Mr. BURTON. Does not the argument of my good friend from Alabama absolutely destroy any claim for licensing this to a private corporation or individual? The reservation on the power of the commission is to be made when they find that the United States should do the work.

Mr. OLIVER of Alabama. The very fact that Congress denied to the commission the right to act, and the matter has now been properly referred by the Secretary of War to Congress, certainly clothes Congress with full authority to do what it may determine is best to conserve and carry out the original purposes that Congress had in establishing this nitrate plant at Muscle Shoals. Now, what does this proposal of Henry Ford offer to do, and which the power commission is without the slightest authority to provide or carry out? The offer, if accepted, will provide for the continuous operation of nitrate plant No. 2 for 100 years, and a guaranty to produce annually at such plant at least 40,000 tons of nitrogen—this being the maximum capacity of the plant—to maintain at all times during this period of 100 years this plant in efficient operating condition, and to turn it over to the Government on short notice, if required, with an adequate working force.

The offer further provides for the payment of interest on all expenditures incurred after a certain date, in the construction of Dams Nos. 2 and 3, and for the purchase of necessary lands, flowage rights, and the installation of power plants, and further, for the amortization of this entire expenditure during the lease term. Other valuable promises, obligations, and undertakings are set out in the offer we are now considering, and adequate provision is made to guarantee and insure the faithful performance of all conditions, promises, and undertakings made the Government. Certainly, no one will claim that the power commission, under the power act, is clothed with any authority as to matters of this kind.

Now, passing on, the gentleman from Ohio says that his amendment seeks to shorten the lease term from 100 to 50 years, and claims that failure to adopt the amendment would be an unjust discrimination against power developments made by other companies pursuant to the power act since the date of its passage in 1920. Others with more time will discuss at length this feature of the amendment; but I wish in passing to say if you reduce the term to 50 years you will impose a heavy burden on those for whom the bill is seeking to provide cheap fertilizer. To amortize the indebtedness which this bill provides in 50 instead of 100 years would require that the annual payments by the lessee be seven times larger than such payments would be under a hundred-year term.

Adverting now to the question of discrimination which the gentleman from Ohio charges if a hundred-year lease is given to Henry Ford, he fails to take into account that in the immediate section where this power is to be developed the very companies which he claims would be discriminated against by a hundred-year lease to Henry Ford now enjoy extensive water-power rights in perpetuity on both navigable and nonnavigable streams. The nonnavigable streams on which these companies hold large power rights in perpetuity should be defined and classed according to the gentleman's argument on Wednesday last as navigable streams. These numerous green circles on the map I now exhibit to the committee in the States of Georgia, North and South Carolina, and the circles in red in Georgia and Alabama show perpetual leases to companies that Mr. Ford and his company, if this bill is passed, must compete with. This circle on the map in red on the Tennessee is Hales Bar, where the lease was for 99 years. Now, I submit that the gentleman's argument that a hundred-year lease to Henry Ford, with the large benefits that his offer will bring to the Government and to agriculture, is not a discrimination against companies in that section which hold the perpetual leases this map discloses.

The CHAIRMAN. The time of the gentleman has expired.

Mr. OLIVER of Alabama. I ask that I may have five minutes additional.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama for five additional minutes? [After a pause.] The Chair hears none.

Mr. OLIVER of Alabama. I repeat, what foundation is there for the claim made by the gentleman from Ohio that this 100-year lease would be unjust to companies coming in competition with Mr. Ford in the distribution of power? Now, these upper stretches of the Tennessee, classed as nonnavigable under the definition of "navigable streams" given in the power act, should be hereafter classed, in my judgment, as navigable. As authority for this I refer to a statement made by the gentle-

man from Ohio in his speech on last Wednesday, where in referring to the case of *The United States v. Chandler-Dunbar Water Co.* (229 U. S. p. 53), he says:

This sweeping decision establishes the principle that the Federal Government has full control of the development of water power in navigable streams, and it should be added that a river or stream is to be taken as an entirety, and the fact that it is not navigable in one portion, while navigable in another, does not take away the quality of navigability for the whole extent of the stream or river. Indeed, this principle might also be extended to tributaries. For a time there was no especial interest in the development of water power.

Here, then, is the Aluminum Co. of America enjoying water-power rights in perpetuity which approximate one-half million horsepower at the headwaters of the Tennessee. The gentleman has referred us to a decision of the Supreme Court showing that Congress has the right to change the definition of navigable streams as defined in the power act so as to include in that definition the upper stretches and tributaries of the Tennessee. We can not change the perpetual grants of power, but if Congress should later deem it wise to adopt the suggestion of the gentleman from Ohio, so as to declare the little and upper Tennessee navigable streams and thus bring all the water-power grants in that section now held in perpetuity under the jurisdiction of the power commission, there might then be some equity in the position taken by the gentleman that this lease for 100 years to Henry Ford should be brought under the power act.

Mr. HERSEY. Will the gentleman yield?

Mr. OLIVER of Alabama. I must decline.

Mr. HERSEY. Right in that connection, for information.

Mr. OLIVER of Alabama. I have but a few minutes, but I will yield.

Mr. HERSEY. I want to know when these companies got their grants of perpetuity, whether it was before the water power act was passed or later?

Mr. OLIVER of Alabama. It was before the passage of the power act. However, the decision cited by the gentleman from Ohio, as he interprets it, holds that the Government still has the power to bring all of these companies under the power act by treating and declaring the headwaters of the Tennessee as parts of a navigable stream. Now, the gentleman from Ohio called attention to a provision found in the power act which he asserts is most important, and which he claims will be ignored unless his amendment is adopted. Here is the provision:

The project adopted must be such as in the judgment of the commission will be best adapted for a comprehensive scheme of improvement and utilization for the purpose of navigation, water-power development, and other beneficial uses.

Let us see what Henry Ford's offer contemplates. Certainly, far more than any offer that has been submitted to the Military Affairs Committee, both for navigation and power development at Muscle Shoals. His offer looks to the completion of Dam No. 2, and the early completion of Dam No. 3, and he offers not only to pay 4 per cent interest for 100 years on the total amount expended in the completion of these dams, but to pay an additional sum semiannually sufficient to amortize the entire amount so expended during the term of the 100-year lease. His offer contemplates the installation of power plants, a large part of which must remain idle until storage dams on the Tennessee above Knoxville are built. This idle power installation awaiting the building of storage dams will represent more than \$7,000,000 in money, on which Mr. Ford will be required to pay 4 per cent. You can see what an incentive it will be, if his offer is accepted, to promptly—at his own expense—provide storage dams so as to make this idle power machinery available. Certainly, this is a most comprehensive plan for both power development and navigation. How different, in fact, from the plan the gentleman from Ohio seems to favor, because we find this sentence in his speech of Wednesday last: "I want to say in this connection that I don't think it is best to build Dam No. 3 at this time." Yet in another part of that same speech he admits that Dam No. 3 will not only develop large additional power but will open up the Tennessee River to navigation almost to Chattanooga.

Now, if Henry Ford's proposal is accepted, it means the continuous operation at maximum capacity of nitrate plant No. 2, the sale of cheaper fertilizer to farmers, the building of Dams Nos. 2 and 3, storage dams, and the opening of the river to navigation. Is not this "a comprehensive scheme of improvement, and utilization for the purpose of navigation, water-power development, and other beneficial uses"?

I submit that the reasons are most compelling why the amendment offered by the gentleman from Ohio should be defeated. [Applause.]

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent to revise and extend his remarks. Is there objection?

There was no objection.

Mr. HILL of Maryland. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HILL of Maryland. Has the House decided that every gentleman has leave to extend and revise his remarks without further request? The House so decided yesterday, I believe.

The CHAIRMAN. Yes.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES.

The committee informally rose; and Mr. KETCHAM having taken the chair as Speaker pro tempore, a message, in writing, from the President of the United States was communicated to the House of Representatives by Mr. Latta, one of his secretaries.

MUSCLE SHOALS.

The committee again resumed its session.

Mr. HUDDLESTON. Mr. Chairman, the proposed amendment to apply the terms of the Federal water power act to Henry Ford's control of Muscle Shoals is for the purpose of terminating the contract at the end of 50 years, so that the works will then revert to the Government.

LEASE FOR 50 YEARS NOT LONG ENOUGH.

To fully utilize the water power at Muscle Shoals will require an expenditure of from \$300,000,000 to \$500,000,000, and will take from 25 to 40 years.

Most people make the mistake of thinking of electricity only in terms of power. It should also be thought of in terms of heat. Men think of electricity and visualize it in the form of lights, street cars, and revolving wheels. It should be visualized in the electric furnace.

To understand what electricity means to industry, we should study the situation at Niagara Falls, where it is demonstrated that electric energy is sometimes too valuable to be used for power purposes. Buffalo, 30 miles away, is forced to rely for power and lights upon a fuel plant burning coal brought hundreds of miles from the Pennsylvania coal fields, while the bulk of the Niagara electric energy is used for the production of aluminum, carbide, carborundum, cyanimid, quick steel, and the other alloys necessary to American industry, particularly in the manufacture of tools and automobiles. To produce these materials the high-temperature electric furnace is required.

There is a limit to the heat which may be produced by combustion. Temperatures above 1,000 to 1,500 degrees are quite difficult to produce from fuel. It is almost impossible to produce these high temperatures on a large scale by combustion. Yet the production of the materials which I have named requires temperatures of from 2,500 to 3,500 degrees. Where large units of energy are available, such temperatures may be obtained by the electric furnace without great difficulty. For this reason Niagara Falls has become the greatest center in the world for the production of aluminum, carbide, and the other products of the electric furnace. Niagara Falls is no longer a mere tourist resort, a goal for wedding journeys. It has jumped within a few years from a village of 10,000 to a busy industrial center of some 200,000 people, all because of the electric furnace and its possibilities in connection with modern industry.

MUSCLE SHOALS AND THE ELECTRIC FURNACE.

If Muscle Shoals were adjacent to great cities and populous industrial centers, with large demands for power, Ford might well accept a lease for 50 years; but such is not a fact. There is no substantial demand for power in that section, beyond the supply now developed or which will be available upon the completion of developments now under way. Nashville, Chattanooga, Birmingham, and Montgomery are already served with water-generated power. The Alabama Power Co., which has a monopoly in Alabama, is building additional plants on the Coosa and the Tallapoosa. Already it serves almost every town and village in Alabama except Mobile, which will no doubt be served by its Tallapoosa plant. The fact is that there is even now in sight a surplus of water-generated power in that section, and there are numerous additional water powers which might be harnessed. The Alabama Power Co. has no use for Muscle Shoals. They are in no position to use it.

They have no demand for its power. They can not afford to develop it.

If it were Ford's proposal to use Muscle Shoals for the production of power with the expectation of selling it to the surrounding territory, I should call him foolish indeed. The great use for Muscle Shoals, with its expensive development but tremendous possibilities, is through the electric furnace in the production of fertilizer, aluminum, carbide, and the steel alloys so essential to industry. To utilize its energy is not merely a matter of constructing a dam, turbines, and distributing cables, but the much more difficult and expensive task of building vast plants for the use of the electric furnace. A capital investment of hundreds of millions is involved—skilled employees by thousands must be assembled, a city of homes must be built. But even all of this is not sufficient. A market must be found or developed for the materials which will be produced. Yea, more. Sources of raw materials must be located, railroads constructed, and the means found for assembling the materials at the Muscle Shoals plants.

Take the case of aluminum. The Aluminum Trust, which at present has a monopoly in the production of this metal, obtains the bauxite ore from its Arkansas mines, carries the ore to East St. Louis, where the first steps in reduction are taken, then carries the product to Niagara, where it is finally smelted. It is said that the production of aluminum on a large scale is practically impossible except by the electric furnace. The Aluminum Trust owns all known to be available deposits of ore. To produce aluminum at Muscle Shoals Ford must find a satisfactory supply of bauxite. There is said to be much of this in certain sections of Georgia and Alabama, also in Tennessee. It is known to exist in small quantity near Leeds, in Jefferson County, Alabama. Ford must hunt out these deposits. He must test them to see whether they may be worked economically. He must assemble the ore and other materials at Muscle Shoals.

To utilize Muscle Shoals, Ford must produce hundreds of millions in capital. He must build railroads, assemble scientists and skilled workers from every quarter and organize his working forces, make investigations, and carry on operations such as have never before been attempted by any one man, and he must seek in the industrial centers of the world a market for his productions. This is not a matter for a few years, but will require from 25 to 40 years, perhaps even longer, for its full consummation. There would be no hope for Ford to earn his investment back in 50 years. He could not afford to accept any lease short of 100 years. A vote for 50 years is a vote to reject his offer.

THE LABOR ASPECT.

I desire now to speak of the labor aspect of Ford at Muscle Shoals. It has tremendous importance to the workers in my district and throughout the South. It is largely because of my interest in them that I feel such deep anxiety that Ford's offer should be accepted.

Labor in the South as a rule is underpaid. Wages in the Birmingham mineral district range from 10 per cent to 50 per cent less than in other industrial centers of the country. The more skilled the worker the more nearly will his wage compare with wages in Gary, Pittsburgh, and Bethlehem. The common laborer receives, roughly speaking, about 50 per cent of what the same class of labor would be paid in northern industrial centers. Skilled men, such as mechanics in the building trades and foundries, get from 75 per cent to 90 per cent of what such workers receive in northern and eastern cities. The Alabama coal miner is the poorest paid in America.

The chief factor in this wage situation is the remoteness of the district from other labor markets. The Steel Corporation dominates the Birmingham labor situation. It is the largest and best employer; other large employers follow the Steel Corporation, and as a rule pay slightly less and give less attention to welfare work. There is no real competition among the great employers, and there is small choice to the worker among them. He is forced to choose between the wages and conditions which they dictate and removing himself and family for hundreds of miles into some other labor center. The great corporations which dominate Birmingham are able to control labor because there is no real competition among them or between them and employers in the large labor centers. They are able to dictate to labor because the workers have no alternative. They are able to destroy the workers' unions and to drive from the district any worker whose activities may be objectionable to them.

FORD WILL COMPETE FOR LABOR.

With Ford at Muscle Shoals there will not only be industrial competition with the Aluminum Trust, the Cyanamid Co., the Union Carbide Co., and the other monopolists who, by reason

of their favorable position as users of Niagara electric energy, hold their hands at the throat of American industry, but there will be labor competition with the Steel Corporation, the Republic Co., the Sloss Co., and the other great employers of the Birmingham district.

It will mean much to the workingmen of my city and section. It will mean for every one of them a few additional dollars in his pay envelope—better food and clothing for his wife and children, and a better house to live in. More than that, it will mean for the men who toll a certain measure of industrial independence—a choice whether they will work for the Steel Corporation and its imitators or may seek employment from a more humane and enlightened employer.

I do not wish to be misunderstood. I do not approve Henry Ford's labor policies. I find his statements concerning labor organizations utterly lacking in understanding, not only of the human element in labor, but of certain sound considerations of labor policy. I do approve in Henry Ford of his recognition of the fact that the way to get good work is to give good pay. At least he has sense enough not to stint the horse that he drives—sense enough not to attempt to buy his labor for the least possible wage that he can force the worker to accept.

The great labor significance of Ford at Muscle Shoals is well understood, not only by the laboring people themselves, but by the employers with whom he would compete for labor. The wage earners of my district are unanimous for the acceptance of Ford's offer. The large employers are practically 100 per cent against it. The latter have not had much to say publicly, but they have dealt with the situation in their customary under-cover way. Do not be misled. The large employer interests of Alabama are not for Ford's offer and never have been.

A very good evidence of this was the appearance of Mr. Ingalls, president of the Birmingham Chamber of Commerce, before the committee in opposition to Ford's offer. Mr. Ingalls is himself head of the Ingalls Iron Works and a large employer of labor. It will cost him more money for labor with Ford at Muscle Shoals. His pay rolls will be larger. He sees only the direct result, and though Ford might add half a billion to Alabama tax values and increase our population by 250,000 intelligent white people, Ingalls looks at the effect on his pay roll and not upon the secondary effect of a larger business and in the end a more profitable enterprise.

The American Federation of Labor at its Denver convention in 1922 adopted a resolution indorsing Ford's offer and urging its acceptance. Since he gave the *Collier's* interview expressing such amazing and half-baked opinions on politics and labor, the Federation has not renewed its efforts. However, while those who are authorized to speak for labor do not approve his ideas, it remains that Ford's methods are much to be preferred above those of Gary and other great employers.

BIRMINGHAM EATS OFF THE WAGE EARNER.

The Birmingham district is essentially a labor district. The great industrial concerns have their local officials, but few of their stockholders live in my city. The community is supported by the wage earners. The great bulk of the money spent there originates in the pay envelopes. Birmingham eats off the wage earner. He is the source of whatever prosperity we may have. Back to his industry may be traced the dollars which constructed our palatial residences, our business blocks, and which lie in the coffers of our banks.

It makes little difference to Birmingham what the profit of the man who owns the works may be. He lives in a distant city and has no local interests. Perhaps he is merely a bondholder who cashes his coupons and never saw Alabama and does not know that Birmingham is on the map.

But every dollar that a wage earner receives is spent at home. It goes to his landlord or his grocer or for other necessities. Those who receive it from him pass it on to the professional classes and to the banks and larger business interests, who are bound by this indissoluble economic tie to the humble workers in the mines and in the mills.

For instance, one of our foundries sells a trainload of pipe to a customer overseas for, we will say, \$20,000. The profit on the sale stops in New York or some other financial center. A small percentage of the cost goes to local company officials, but the bulk is handed to grimy workers in their pay envelopes on Saturday night, and through them my city draws all of the benefit which comes to it from the transaction.

In such a situation local business and commercial interests would be expected to be in full harmony with the wage earners. However, strange to say, in any dispute over wages between the workers and the great concerns which employ them, usually the more important merchants and business men line up solidly

with the nonresident employer. They fight against themselves and their own best economic interests, and this not because merit is on the employer's side, for they make no inquiry as to the merits of the dispute. Impelled by irresistible social and class consciousness, they line up on the employer's side without regard to the righteousness of his position.

While usually elements identified closely neither with labor nor with employers side with the latter in all matters in conflict, this rule does not obtain as to Ford's offer for Muscle Shoals. Practically every business man in my district who is not a large employer recognizes the desirability, from the standpoint of his own interest as well as of the general public welfare, of accepting Ford's offer.

EFFECT ON ALABAMA POLITICS.

I have discussed the labor aspect of Ford's offer for Muscle Shoals from the standpoint of a citizen of Alabama. There is another local slant which this subject has which perhaps may escape those not acquainted with conditions in Alabama. The subject has a local political aspect of high importance.

Alabama in many respects is highly progressive—politically our State is decidedly reactionary. I will not now take the time to state the genesis nor the factors which have produced existing political conditions. It is enough to say that my beloved State is dominated by political influences of a highly reactionary kind. The Alabama Power Co., and other industrial concerns, in combination with reactionaries and selfish politicians, hold Alabama in the hollow of their hands. Life to a public man in Alabama is uncertain and in most cases brief unless he is willing to "listen to reason" with these interests. The Alabamian who aspires to serve his State and country will find his way a path of thorns and his hold on public life precarious if he dares to antagonize the great corporations and the ringsters who are their political partners.

The masses of my State are progressive. They suffer for want of leaders and lack of means to make themselves felt and heard.

The right of suffrage is denied in practical effect to thousands of native-born white persons. In my own county there are probably 100,000 native whites above 21 years of age. Yet the largest vote ever cast was less than 27,000. This is not because of lack of interest, but because our laws are contrived to deny the vote to the poor, the transient, the thoughtless, and those who are too busy in the fields, mines, and shops to qualify. A voter must live two years in the State and one year in the county. He must have paid his poll tax for every year since 1901; a default of a single year disqualifies him. Payment of poll tax is purely voluntary. No one asks it of him. He must hunt up the collector and tender it. It must be paid before February 1 or will not be accepted. He must be duly registered, and the facilities for registration are inadequate. The result is that a majority even of eligible whites are disqualified. I am informed that the congressional district which I represent, among its native-born white population, has the smallest percentage of qualified voters of any district in the United States.

REACTIONARIES THWART PROGRESSIVE MASSES.

Alabama is in urgent need of civic reforms—reforms which can not be achieved under existing political conditions and without more liberal election laws. Despite Ford's "queer" political opinions, he can not join with the Steel Corporation, the Alabama Power Co., and other elements now in control. He can not "lie in the same bed" with them. He will constitute a third angle to the political situation, and on him the progressive masses may rely for help.

But apart from the personal influence of Mr. Ford, the thousands of intelligent operatives which he will assemble at his Muscle Shoals plants will constitute a splendid reinforcement for the progressive elements of my State. Our masses may look to them for help in solving our political problems and making of our State that which as of right, because of its resources and the quality of its people, it ought to be—the greatest State in the Union.

The CHAIRMAN. The gentleman from Iowa [Mr. DICKINSON] is recognized.

Mr. DICKINSON of Iowa. Mr. Chairman, I am in favor of the Burton amendment, putting this project under the Federal water power act, and I expect to vote for it. I do not take any stock in the argument that a vote for this amendment is a vote against Muscle Shoals, against cheap nitrates, or against the interests of the farmer.

If you will put this project under the Federal water power act, you can then make whatever terms you want or whatever conditions you want with reference to the use of power for the manufacture of fertilizer. You can then control, under the

terms of the Federal water power act, the other power that is there developed; and under those conditions the Government can see that the people of that section of the country are protected in the sale of that power and that it is not monopolized, which would be the result if it were put in the hands of one man.

I was greatly interested in the argument of the gentleman from Alabama as to the exceptions or provisos in the Federal water power act. One of them was a stipulation for Government purposes. If this is given to Henry Ford, can it be interpreted as being for Government purposes under any construction of the law? Certainly it can not.

Mr. QUIN. Will the gentleman yield?

Mr. DICKINSON of Iowa. I can not yield, as I have only a short time. I am not going to take up the time of the committee by yielding for questions; I am going to give my views. Gentlemen have been talking for two or three days, and now I want to express myself. Another point was that it was for the development of Government property. No one can say that this Government wants to retain that property and develop it for any purpose other than the use of nitrates during war, and for that purpose it can be acquired at any time, regardless of who has it or under what conditions it may be had.

I was greatly amazed the other day when I read the speech of the gentleman from Illinois [Mr. McKENZIE] in which he referred to the opposition to this bill and that that opposition existed in this little bureau, which was a creature of Congress, and that this bureau is desirous of maintaining its own control over the water-power development of the country. And then he called them a little bureaucratic bureau. Well now, gentlemen, the whole purpose of the water power act was the preservation of the water power of this country which can be used for the benefit of the people, and tell me how you are going to use the power that is created down there for the benefit of the people if you are going to turn it all over to one man to use as he sees fit?

Oh, you are stipulating here for a certain use of this power; that it is to be used for the making of fertilizer, but that is only a small part of the chapter that is to be played down there. The main thing is water power. A little of it will be used for fertilizer, but not nearly all of it. And I want to say to you that whenever you pass this bill with its present provisions, and if you do not amend it so as to put it under the provisions of the water power act, you are going to practically destroy the water power act, for which able men, interested in the preservation of the natural resources of this country, fought for 15 years.

Now, if the act is not perfect, amend it; if it does not contain the proper provisions or put on proper restrictions let us amend it, but we should not follow the suggestion of the gentleman from Alabama in which he says, "Let us give this project to this man and then in due time let us pass a law bringing them all within the provisions of the water power act." I want to say to you that you can not take away from Henry Ford, or his estate or the corporation, he is to organize to carry out the provisions of this contract, one vested right that is put in this contract—not one. Do not think of that theory in the years that are to come, for that can not be done.

The Federal Water Power Commission is not a little bureaucratic commission. It is composed of the Secretary of War, the Secretary of the Interior, and the Secretary of Agriculture, three broad-minded, strong men. I do not believe we want to call them little bureaucrats here on the floor of the House. They are entitled, if you please, to have the provisions of that act carried out in the way that the original act was intended to be carried out.

The Interstate Commerce Commission has control of transportation and the Federal Water Power Commission is going to have control of the distribution of power and the rights thereunder, and that is the only thing we are asking you gentlemen to do here to-day.

I believe you can sell the farmer fertilizer as cheap, and even cheaper, if you will put this bill under the provisions of the water power act, as you can under the provisions of your present bill; and not only that, but then you can say to Henry Ford, "Bring down all of your aluminum factories, bring down all of these other factories, and we will let you have power according to the provisions of this act, and you can then develop your industries."

The CHAIRMAN. The time of the gentleman has expired. The gentleman from Tennessee [Mr. FISHER] is recognized.

Mr. FISHER. Mr. Chairman, this is a contract we are discussing to-day, and the provision in the contract which relates to 100 years ought not to be stricken from it. The Fed-

eral water power act has nothing to do with it. The President of the United States specifically designated, under the authority which was given to him in 1914 in the national defense act, that water power should be used in the nitrate program, and it was an essential part of the program. In the nitrate program there was also included the fertilizer program. They knew they could not go on with the fertilizer program in peace time without having water power, because coal was too expensive.

When the war came on we found that the activities which related to the dam, and related to the nitrate program, were tremendously increased. Water power was always a vital part of that program, and the only reason they built other power houses which furnished power made by coal was because the dam was slower, but it was always in mind that this water power should be used for the manufacture of nitrates for ammunition if we happened to have war, and in peace time for fertilizers.

When the war broke down and the armistice came, the Government was left with over \$100,000,000 worth of property, and this raised the question as to what was to be done with it. As all know there is and has been great opposition to the Government operating the big nitrate plant and carrying out the program to manufacture nitrates there. That property stood idle, and it has cost the Government over \$1,000,000 in upkeep and maintenance since the armistice.

We know that this Congress would never consent to the Government—if this contract should not be accepted—going down there and making and selling fertilizers and making fixed nitrogen at plant No. 2. If the contract is not accepted, think of the cost of maintenance to the Government, because every officer in the Ordnance Department who has testified has said that each year the cost of upkeep, maintenance, and replacement would be approximately \$400,000.

It is the maintenance of the big plant No. 2 in a going condition which we would have to keep for nitrate preparedness, and over a period of 50 years the cost would be over \$20,000,000. Think of the huge amount that would have to be paid by the Government.

Mr. MAYO. The point is if the offer is accepted we will have such a very large investment at Muscle Shoals in the course of the next 10 or 15 years that we could not afford to risk that much of an investment there and run the risk of having the power end of it cut from under your feet at the end of 50 years. (p. 243.)

Mr. MAYO. * * * On account of the size of the project and the immense amount of capital necessary to develop it to such an extent that we can use all the power, Mr. Ford felt that in 50 years he would perhaps only have made a good start. (p. 296.)

The War Department, through the Secretary of War, the Chief of Engineers, and other high officials in the Army, sought broadcast throughout the United States for a great captain of industry to come to the rescue of the United States and make them an offer to take these great projects. They found none. No one wanted to take this heavy burden that was caused by the war off of the shoulders of the United States, and the waste and expense continued. The Government, through its agents and representatives, sought this great man, Henry Ford, who here to-day offers to take this burden off of the shoulders of the Government and develop this country as has never been dreamed of before. We find he came down here, and in conference with the War Department and in the Judge Advocate General's department his representatives and officers of our Army drew up a tentative contract, or a tentative offer, and there the question was discussed of how long the lease should run; and right then and there the Government, through its representatives, wrote into the contract, as Mr. Ford had said he would have to have it if he made an offer at all, 100 years, which was to be the life of the lease; and when that contract was redrafted and sent to our committee it had in it the same 100-year clause; and when the hearings were held before the committee Mr. Ford's representatives came before it, and I have the statements that were made by Mr. Mayo, his representative, which I will insert in the Record, in which he said that if the offer was accepted, the plans of the company were so immense that 50 years would not give them time; that they expected to spend \$40,000,000 or \$50,000,000 on the development of that country. Think what that means. He said 50 years would not give them sufficient time. They want to develop water reservoirs in the mountains of east Tennessee, so that the water power which is now more or less limited may be doubled in capacity.

The CHAIRMAN. The time of the gentleman has expired. Mr. McKENZIE and Mr. CHINDBLOM rose.

The CHAIRMAN. The gentleman from Illinois [Mr. McKENZIE] is recognized.

Mr. McKENZIE. Mr. Chairman, I ask unanimous consent that debate on the pending amendment close in 25 minutes, 10 minutes for the gentlemen favoring the amendment and 15 minutes for those opposing the amendment. Mr. Chairman, the opposition has had more time than we have had on this amendment, and I do not want to take any more time than necessary.

Mr. GARRETT of Tennessee. Mr. Chairman, I want to say to the gentleman that I have some remarks I want to make upon the proposition, and I doubt if I am going to be able to conclude in five minutes. I rather think it will take seven or eight minutes, although I will try to get along with five minutes.

Mr. McKENZIE. Mr. Chairman, I ask unanimous consent to modify that request by making it 35 minutes, 15 minutes to be used by those opposed and 15 minutes by those in favor of the amendment, and that I have 5 minutes to close the discussion.

Mr. GARRETT of Texas. Will the gentleman make his request apply to the section and all amendments thereto?

Mr. McKENZIE. No; we can not do that.

Mr. HILL of Maryland. Mr. Chairman, reserving the right to object, that makes 20 minutes against the amendment and 15 minutes in favor of the amendment.

Mr. McKENZIE. Mr. Chairman, I would be glad to give the gentlemen 20 hours on each side if there was nothing to it but time, but I realize that the membership of the House is getting somewhat weary of this discussion and I would like to hurry along with the bill.

Mr. BYRNS of Tennessee. Reserving the right to object, does the gentleman's request apply only to the amendment or to the paragraph?

Mr. MORIN. To the pending amendment.

Mr. McKENZIE. To the pending amendment, which is the Burton amendment.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent that all debate on the pending amendment close in 35 minutes. Is there objection?

Mr. HILL of Maryland. Mr. Chairman, reserving the right to object, I shall not object if the request is 20 minutes, to be controlled by the gentleman from Illinois [Mr. McKENZIE] and 15 minutes by the gentleman from Iowa [Mr. HULL].

Mr. LONGWORTH. You can not do that in Committee of the Whole.

Mr. McKENZIE. That is understood, however.

The CHAIRMAN. The gentleman from Illinois modifies his request and asks unanimous consent that all debate on the pending amendment be closed in 35 minutes, 20 minutes to be controlled by the gentleman from Illinois and 15 minutes by the gentleman from Iowa [Mr. HULL].

Mr. HOWARD of Nebraska. Mr. Chairman, reserving the right to object, I would like to ask the gentleman in charge if I may have an opportunity to move to strike out, maybe, the next to the last word and get a chance for my white alley here?

Mr. McKENZIE. I will say to the gentleman that after we vote on the pending amendment he can then offer another amendment.

Mr. HOWARD of Nebraska. But, perhaps, I may like to speak to the amendment. I do not object, Mr. Chairman.

Mr. LONGWORTH. Mr. Chairman, a parliamentary inquiry. I doubt whether it is in the power of the committee to assign control of time in Committee of the Whole. I think the request should be that the debate should close at a certain time, and gentlemen will take the floor in their own right.

Mr. McKENZIE. In order that there may be no misunderstanding, I desire 5 minutes for the gentleman from Washington [Mr. MILLER], 10 minutes for the gentleman from Tennessee [Mr. GARRETT], and 5 minutes for myself; and 15 minutes to be divided, 8 minutes to the gentleman from Maryland [Mr. HILL] and 7 minutes to the gentleman from Illinois [Mr. CHINDBLOM].

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois that debate on the pending amendment be closed in 35 minutes? [After a pause.] The Chair hears none.

Mr. McKENZIE. Mr. Chairman, I yield five minutes to the gentleman from Washington [Mr. MILLER].

Mr. MILLER of Washington. Mr. Chairman and gentlemen of the committee, I was a member of the Military Affairs Committee during the consideration of the Ford offer. I come from the most remote corner of the United States and have a little personal interest in the disposition of the United States properties at Muscle Shoals as any Member on the floor of the House. I went into this investigation of the Ford offer last

year with something of an opposition to the offer, but the further I pursued the matter and the more interest I took in it, the more I became convinced that it was to the interest of the United States Government to accept the offer of Henry Ford. [Applause.]

The Tennessee River where this power plant is situated falls 132 feet in 37 miles. There are two dams 17 miles apart. The Tennessee River has been there since the beginning and no private capital in America has ever thought for one instant of going into the improvement of it at this point because the expense is so enormous.

The river there is a mile wide and it flows over a limestone ledge. You and I could walk across that river in an ordinary flow of the water. The expense is so great to build this enormous dam that private capital would never touch it and would not touch it to this day. Henry Ford's offer was made last year. In 1920 the water power act was passed. Nobody has applied to the United States Government under the national water power act to improve the Tennessee River at Muscle Shoals for the generation of hydroelectric power up to this good hour. They will not touch it. The United States Government is hooked good and hard at Muscle Shoals. It has \$140,000,000 invested there. You can not apply the enterprise of the Government at Muscle Shoals with any water-power site in America.

If you strip this offer and limit it to 50 years, make it under the national water power act, you will kill the Henry Ford offer that quick. [Applause.] I would rather see the Henry Ford offer turned down as a whole than to see it butchered piecemeal and put in such a condition that Ford and his associates would not accept it.

I fear that some Members who have spoken on this subject fail to appreciate the enormous interest involved in this project, and I am almost afraid that some of them have never had to do with great, substantial interests in the country. There have been various amendments proposed putting in a forfeiture clause. Whoever heard of a \$10,000,000 proposition with a forfeiture clause in it? Nobody in the world would put such a sum of money into any enterprise with a forfeiture clause tacked onto it.

Mr. SPROUL of Kansas. Will the gentleman yield?

Mr. MILLER of Washington. No; I can not yield; I have too little time. My idea is that if the Government is ever going to dispose of the Muscle Shoals enterprise, Henry Ford is the only man in the United States who will take it. None of these gentlemen talking about this great water power have made a proposition in good faith to handle and develop it, except they leave the maintenance of the great cyanamide plant at the expense of the United States Government. [Applause.]

The water power is not the only feature of the Ford offer; it is not the only element. Up to the time Mr. Ford made his offer, not a man or a company, either water-power companies or fertilizer companies, would touch the Muscle Shoals proposition. For months the Secretary of War and the Chief of Engineers sought in vain for some one, somebody, to submit an offer. The water-power interests were as silent as a grave; the fertilizer interests equally quiet. After Ford came in with his offer, the power companies and the fertilizer companies began to stir themselves, with the result that one power company submitted a sort of an offer that no man could for a moment consider. When the last Congress adjourned, without taking any definite action on the Ford offer, and everyone thought he had dropped the matter, the power company sank back into its silence. When, to their surprise, the offer was again taken up at this Congress, the power company and the fertilizers came back to life. An amalgamation of several power companies was formed recently, and this combination has put in a tentative bid. But this bid contains no promises of possible advantage to the Government. In my judgment, it is submitted only for the purpose of undertaking to delay, if not to ultimately defeat, the Ford offer. This is the reason I say no private capital will touch the Muscle Shoals proposition. This combination of power companies do not want the property, but they do not want Ford to have it. The reason is obvious.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. CHINDBLOM. Mr. Chairman, I apprehend that I find myself in pretty much the same position on this bill as most of those Members of this House who have not had the good fortune to study the subject specifically in a committee of which they are members, or by gentlemen who find themselves interested by reason of the locality of the vicinity in which Muscle Shoals is located. I say that without any intention of reflecting on those who have a local interest. We all have local interests. I have an interest in my community and you have a

right to have an interest in the locality where you live and in the development with which you are concerned.

To the average Member of this House, to the average citizen, this proposition will appear, it seems to me, about in this fashion: Here is an enormous water power which is more than a natural resource. It is not entirely a natural resource. Water-power development there is artificial; it has been created by an expenditure of \$100,000,000 of the people's money. There are no natural falls at Muscle Shoals which will produce water power. We are artificially creating a water power. There are two dams 17 miles apart, and the fall in the river is only 132 feet in a distance of 37 miles, and this water-power project has been developed at a cost of over \$100,000,000, and we are now to turn it over to a very distinguished gentleman, a very worthy gentleman, under very extraordinary conditions. We are to reverse the policy which this Government announced, which this Congress announced, after many years of labor in the matter of natural resources—we are to reverse the policy established by the water power act of June, 1920, and give a lease of the property upon extraordinarily liberal terms for a period of 100 years. For myself, I can reach no other conclusion than that it becomes my duty to support the proposition of the gentleman from Ohio [Mr. BURTON], and, in fact, I gave notice last evening, immediately prior to adjournment, that I proposed to offer an amendment, on page 18, reading very much like the proposal of the gentleman from Ohio, except that it goes some distance further. The amendment I propose is this:

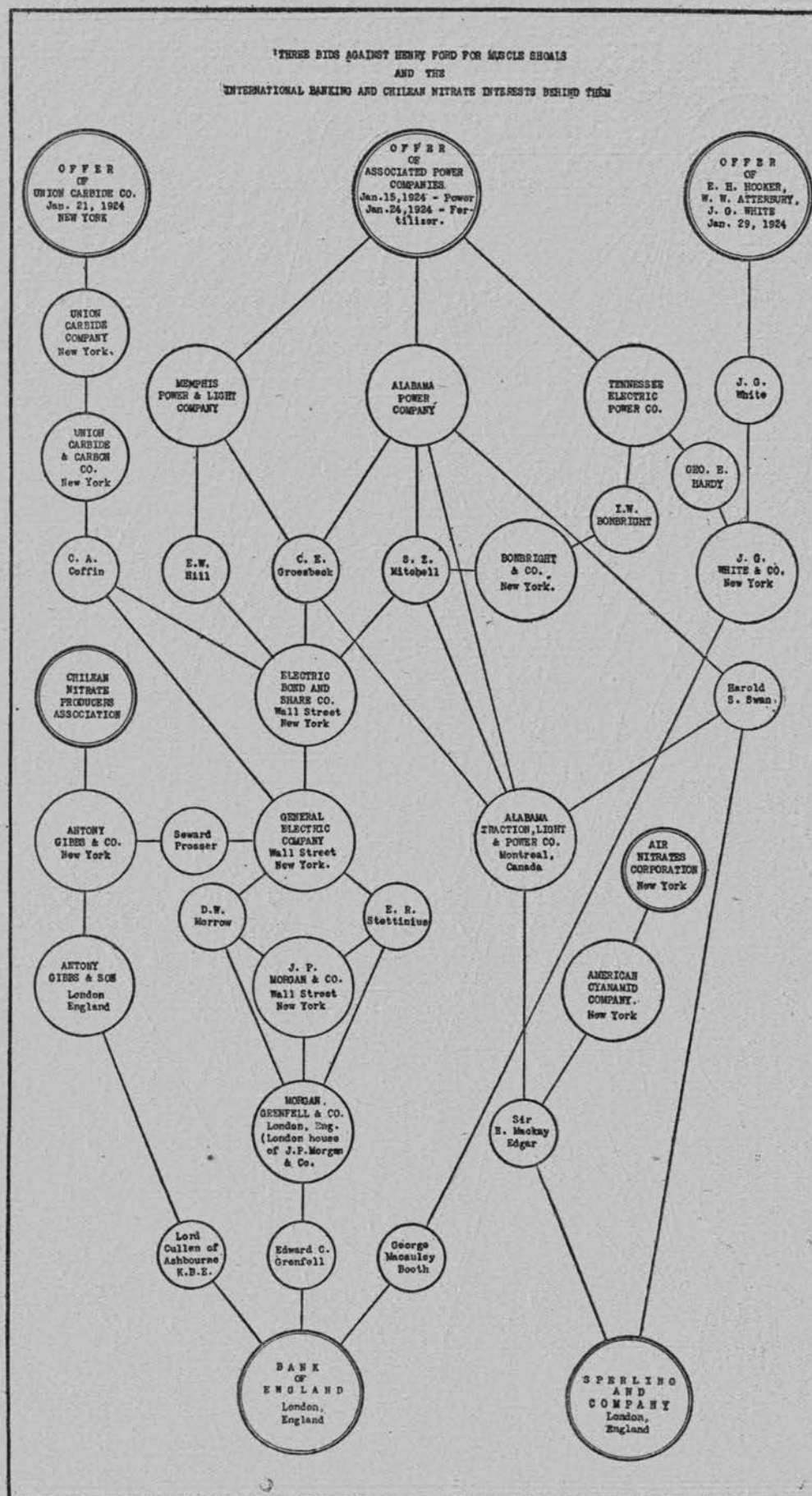
Page 18, line 19, add a new section, as follows:

"That in the exercise and enjoyment of all rights acquired under this act, Henry Ford, his heirs, representatives, and assigns, and the company, its successors and assigns, shall, so far as applicable, be subject, except as herein specifically otherwise provided, to all the terms, provisions, obligations, restrictions, and limitations of the Federal power act of June 10, 1920."

We heard some rather persuasive arguments a moment ago to which, perhaps, some further attention might be given. One was that we ought to support this proposition because it would be antagonistic to a certain monopolistic situation in the State of Alabama; because it would tend to alleviate and relieve the labor situation of Alabama; because it would give power to those who desire to make a successful battle against the domination of a vicious political machine in the State of Alabama.

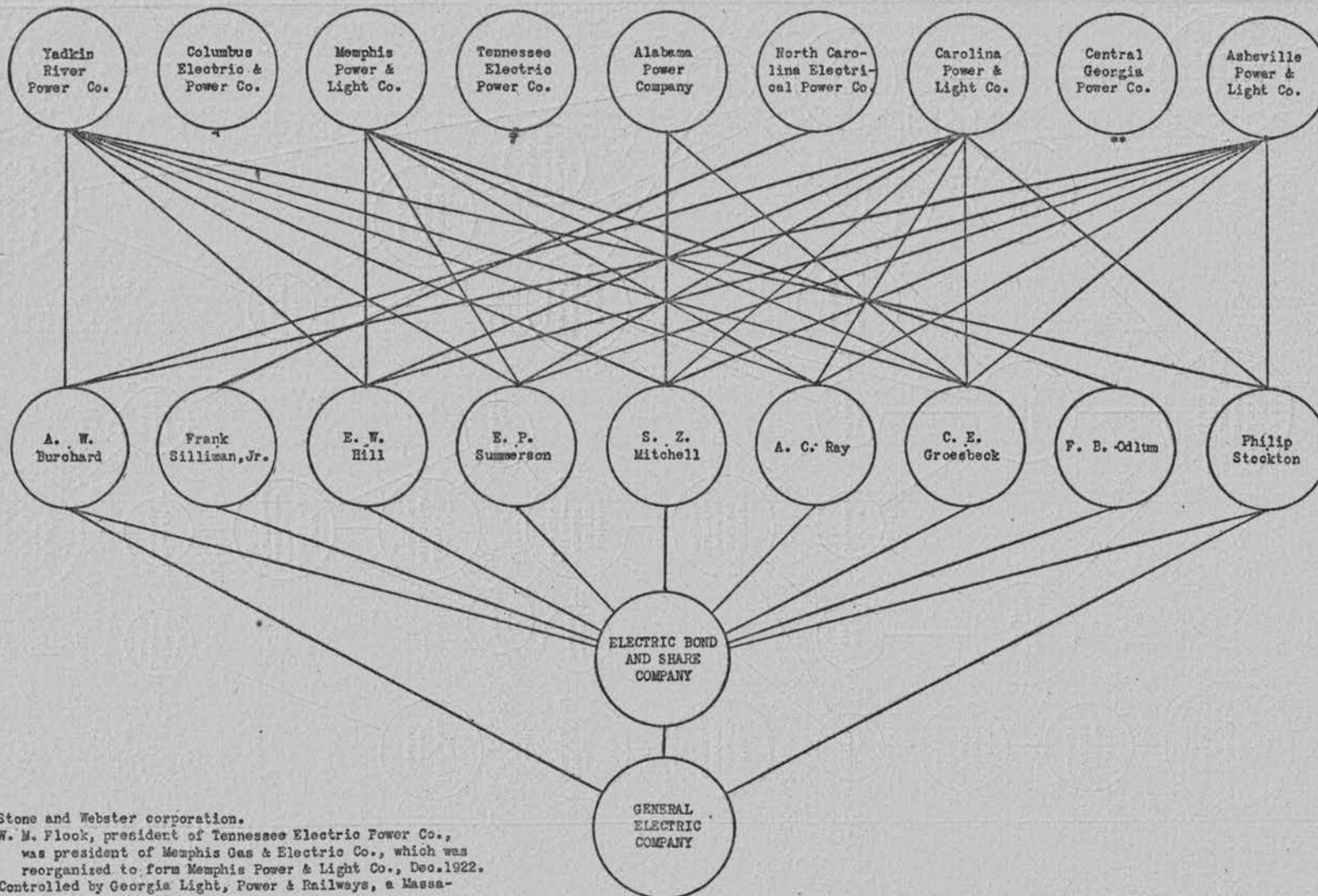
Now, I submit in all candor and earnestness, are those considerations upon which the Congress of the United States should recede from the policy established with reference to the conservation of its natural resources and go into a particular neighborhood for the purpose of giving extraordinary benefits and opportunities to men of capital, no matter how capable they may be? Ah, no. The principal question here, to my mind, is whether sufficient argument has been adduced to vary the policy and the principle and the theory of the Government's policy of conservation of natural resources which we proclaimed and which we fixed in the Federal power act of June, 1920. You may find it easy, gentlemen, to satisfy your own consciences and your own judgments that this should be done because of the proximity of the interests involved, but to the great mass of the people and to the great mass of the membership of this House, I dare say, a sufficient argument has not yet been adduced to show any adequate reason why we should deviate from the established policy of this Government on that subject. Whether this project ultimately will serve the issue of national defense in the manufacture of atmospheric nitrogen by the fixation process or any other process is a matter of very grave doubt. There have been statements made in debate, particularly by the gentleman from Ohio [Mr. BURTON] and by the gentleman from Maryland [Mr. HILL], which show the present situation upon that subject. I had an opportunity myself last summer to get into close contact and intimate acquaintance with a project in Norway where nitrogen has been produced by the fixation process. They have a perpendicular fall of 1,500 feet, as the result of which they are able to use the fixation process, and the engineers in the Old World tell you that in no other place, probably, would it be possible to produce nitrogen by the fixation process so advantageously as in such a place, where nature herself has created extraordinary conditions.

Mr. GARRETT of Tennessee. Mr. Chairman, the amendment which is pending has been very fully discussed, although the arguments made upon it are not sufficient to satisfy my friend from Illinois [Mr. CHINDBLOM], who has just left the floor. There is really nothing that can be added to the statements touching this tenure that have been made heretofore by the gentleman from Illinois [Mr. McKENZIE], the gentleman



INTERLOCKING DIRECTORATES OF POWER COMPANIES OPPOSING HENRY FORD

These Nine Companies, in a letter to O. C. Merrill, Executive Secretary of the Federal Power Commission, proposed that one or more of them would make an offer for Muscle Shoals. Three of them did make an offer for the group. These were the Alabama Power Co., the Tennessee Electric Power Co., and the Memphis Power & Light Co. Their offer is found in the Hull Bill, H. R. 6781, introduced Feb. 8, 1924.



* Stone and Webster corporation.

W. M. Flock, president of Tennessee Electric Power Co., was president of Memphis Gas & Electric Co., which was reorganized to form Memphis Power & Light Co., Dec. 1922.

** Controlled by Georgia Light, Power & Railways, a Massachusetts corporation.

Recapitulation sheet to accompany graphic entitled "Three bids against Henry Ford for Muscle Shoals and the international banking and Chilean nitrate interests behind them"

[This information has been gathered from Poor's and Moody's Manual of Public Utilities, Directory of Directors for New York, Stock Exchange Official Intelligence of London, and Directory of Directors for the United Kingdom]

	Alabama Power Co.	Alabama Traction, Light & Power Co., (Ltd.), Montreal (controls Alabama Power Co.).	Antony Gibbs & Co., New York (controlled by Antony Gibbs & Sons).	Antony Gibbs & Sons, London, England.	Bank of England, London, England.	Bonbright & Co., New York.	Electric Bond & Share Co. (subsidiary of General Electric Co.).	General Electric Co., New York.	Memphis Power & Light Co.	Morgan Grenfell & Co., London (J. P. Morgan house).	Morgan, J. P., & Co., New York.	Sperling & Co. (bankers), London, England.	Tennessee Electric Power Co.	Union Carbide & Carbon Co. (controls Union Carbide Co.).	White, J. G., companies.	Other interesting connections.
Bonbright, Irving W., 25 Nassau Street, New York.						Chairman board of directors.							Director.			Director in numerous small power companies.
Booth, George Macaulay, London, England.					Director.										Director.	
Coffin, C. A., 120 Broadway, New York.							Director.	Director.						Director.		Director in Thomson-Houston connections of General Electric Co., at London and Paris.
Cullen, Lord of Ashbourne, London, England.				Director.	Director.											
Edgar, Sir Edward Mackay, London, England.		Chairman board of directors.										Director.				Director Mississippi River Power Co. (of which Hugh L. Cooper is vice president); American Cyanamid Co.
Grenfell, Edward C., London, England.					Director.					Partner.						
Groesbeck, C. E., 71 Broadway, New York.	Director.	Director.					Vice president and director.		Director.							Director Asheville Power & Light Co., and of Yadkin River Power Co.
Hardy, George E., 14 Wall Street, New York.													Director.		Director.	
Hill, E. W., 71 Broadway, New York.							Director.		Director.							Director Asheville Power & Light Co., Carolina Power & Light Co., and Yadkin River Power Co.
Mitchell, S. Z., 71 Broadway, New York.	Director.	Director.				Director.	President and director.									President Electric Utilities Corporation (General Electric subsidiary); director Asheville Power & Light Co., Yadkin River Power Co.
Morrow, Dwight W., 23 Wall Street, New York.								Director.		Partner.	Partner.					
Prosser, Seward, 16 Wall Street, New York.			Director.					Director.								Chairman board of directors, Bankers Trust Co., director General Motors Corporation.
Stettinius, E. R., 23 Wall Street, New York.								Director.		Partner.	Partner.					Director General Motors Corporation.
Swan, Harold S., 120 Broadway, New York.	Director.	Director.										Director.				Director Southern Manganese Corporation.

NOTE ON ANTONY GIBBS & SONS

Report by Charles J. Brand, of the Department of Agriculture, issued June, 1923, on a special investigation of the position of Great Britain in the Chilean nitrate of soda trade, contains the following:

"In the merchant group the most important in order of their importance of those located in London are Antony Gibbs & Sons," etc.

"In theory, the actual fixing of prices is done by a committee of 16 members, elected from the important operators who conduct the oficinas in Chile. In addition to these producers' representatives, the Chilean Government designates four members of the committee. The governmental members, in fact, have very little voice in the fixing of the price.

"The larger committee, thus composed of 20 members, has a subcommittee which is resident in London and is made up of selected representatives of the British nitrate houses. * * * Practically, the London subcommittee, known as the Chilean Nitrate Committee, recommends to the whole committee in Chile what prices shall be, and its recommendation is almost invariably adopted. This is an interesting situation from an American standpoint, as the United States purchases about 50 per cent of all the nitrate exported from Chile and has no voice whatever in the fixing of prices."

(A report from the American consulate general, Santiago, Chile, Aug. 11, 1922, states H. C. Gibbs of Antony Gibbs & Sons, London, was the representative of the London committee who went to Chile and negotiated with the producers and the Chilean Government for an agreement to relieve the nitrate distress in Chile in 1922.)

from Illinois [Mr. MADDEN], the gentleman from Michigan [Mr. JAMES], the gentleman from Alabama [Mr. OLIVER], and other gentlemen who have discussed the question. I do not criticize the gentleman from Ohio [Mr. BURTON] for presenting the amendment. He is perfectly within his rights, and he did a very logical thing. He is opposed absolutely to the proposition, and therefore he takes the method of presenting an amendment which he understands and which every other Member of the House should understand means, if it be adopted, the defeat of the proposition. We need not deceive ourselves about that. Therefore it seems proper that at this time there should be laid before the committee certain conditions that exist, that have not yet been fully presented, so far as I have heard, in the course of the argument.

The head and front of the opposition to the Ford offer is the Alabama Power Co.; not that it is conducting the fight alone, but because it has been put in the lead to undertake to destroy the proposition. That company is the company which during the days of the war took advantage of the Government's necessities and in the hour of the country's trial and tribulation forced upon the Government an unconscionable contract. That company is controlled by its common stock, and that common stock is owned by a Canadian corporation. I have before me a chart, which I see is being distributed among the members of the committee, and I hope gentlemen will glance at it for a moment. The first sheet shows the interlocking connections between the several power companies that made the last offer, or alleged offer, on the Muscle Shoals project, the Alabama Power Co. and the associated companies, and gentlemen who will follow the lines on that chart will see how these companies are interlocked and how they lead down finally through the Electric Bond & Share Co. to the General Electric Co. If gentlemen will then turn to the second chart they will find three firms, each occupying a larger circle, which have made offers, the central circle being occupied by the Associated Power Cos., of which the head and front, as I have said, is the Alabama Power Co. The offer upon the right is that of E. H. Hooker, W. W. Atterbury, and J. G. White. That upon the left is the offer of the Union Carbide Co. If gentlemen will follow the lines of those various offers through the different circles and through the individual names that are mentioned in the circles they will observe the way by which, through this system of interlocking directorates, the Alabama Power Co. leads back through this Canadian corporation to the Bank of England and to Sperling & Co., of England. Then if gentlemen will look to the middle of the left-hand side they observe the Chilean Nitrate Producers' Association. That has made no offer, but that is the concern from which this country is buying all of the nitrates used in fertilizer.

If gentlemen will follow the lines of that they will find that it goes through Antony Gibbs & Co., of New York, Antony Gibbs & Son, of London, England, Lord Cullen, of Ashbourne, back to the Bank of England. So you have the united power companies of the United States and the concern from which we obtain all of the nitrates that we now use, both in time of peace and time of war, leading back to two English concerns.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. GARRETT of Tennessee. It seems to me, therefore, gentlemen of the House, that it is about time to have an American firm upon this American matter. I yield to the gentleman from Ohio.

Mr. MORGAN. Is it not a further fact that this English corporation controls the transportation of this product, the nitrate of Chile, through William R. Grace & Co., of New York?

Mr. GARRETT of Tennessee. I can not say about the control of the transportation through the concern the gentleman mentions, but it is undoubtedly true that now, since Germany became independent herself as to nitrates during the war, there has been left to England the great control over all Chilean nitrates so far as production and marketing of it are concerned.

The gentleman from Iowa [Mr. HULL] referred to the fact that he had never been able to talk to Mr. Ford about this proposition. One of the things that has struck me with very great favor about this matter is that so far as I know no Member of Congress has ever had an opportunity to talk with Mr. Ford about the proposition, and he has never sought an opportunity to confer with any Member of Congress concerning it. I wish that these other companies that are fighting it could be in as favorable a situation in so far as keeping their hands off as Mr. Ford is. [Applause.]

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. GARRETT of Tennessee. Then, under the leave granted for extension, I insert the charts with certain explanatory statements.

THE INTERNATIONAL NITRATE TRUST

Antony Gibbs & Sons, who have a direct connection with the General Electric Co., as shown in the accompanying diagram, are named in a special report of the Department of Agriculture issued in June, 1923, as the most important of the London members of the international group interested in nitrate of soda. Not only are they the most important of the great London nitrate firms, but they are the most important firm supplying the French trade and own outright one of the principal distributors of nitrate in this country—the American firm of H. J. Baker & Bro.

In 1919 Antony Gibbs & Sons took the leadership in the organization of the Chilean Nitrate Producers' Association, an international trust whose principal purpose is to fix the price at which nitrates may be sold.

Quoting from the report:

In theory the actual fixing of prices is done by a committee of 16 members elected from the important operators who conduct the "oficinas" (nitrate factories) in Chile. In addition to these producers' representatives the Chilean Government designates four members of the committee. The governmental members, in fact, have very little voice in the fixing of the price.

The larger committee, thus composed of 20 members, has a subcommittee which is resident in London and is made up of selected representatives of the British nitrate houses * * * practically the London subcommittee, known as the Chilean Nitrate Committee, recommends to the whole committee in Chile what prices shall be, and its recommendation is almost invariably adopted. This is an interesting situation from an American standpoint, as the United States purchases about 50 per cent of all the nitrate exported from Chile and has no voice whatever in the fixing of prices. (Report of Charles J. Brand, consulting specialist in marketing, United States Department of Agriculture, entitled "The Position of Great Britain in the Chilean Nitrate of Soda Trade.")

Mr. HILL of Maryland. Mr. Chairman, I ask unanimous consent that the pending amendment be again reported.

The CHAIRMAN. Without objection, the amendment will be again reported in the gentleman's time.

The Clerk read as follows:

Amendment by Mr. BURTON:

Page 2, line 23, after the words "United States" insert the words "under the terms of the Federal water power act."

Page 3, line 2, strike out the words "one hundred" and insert in lieu thereof the word "fifty."

Mr. HILL of Maryland. Mr. Chairman and gentlemen of the committee, neither the Committee on Military Affairs, the Members supporting the Ford offer, nor those opposing the Ford offer have had an opportunity to investigate the facts so graphically set forth in the charts which were just distributed throughout this Chamber and which purport to show the interrelations of the Tennessee Electric Power Co., the Memphis Power & Light Co., the Alabama Power Co., and various other corporations. As far as I am concerned I know nothing about the interlocking of these various corporations or about the corporations themselves except what appears in the hearings before the Military Affairs Committee; but it might be well for me to say, so far as I know, neither one of the members of the Committee on Military Affairs by the name of HILL, neither the gentleman from Alabama nor myself, know anything about nor have ever had anything to do with Mr. E. W. Hill, whose name appears on these papers as interested in one of these companies.

The gentleman from Tennessee [Mr. GARRETT] said it was well known that the acceptance of this particular amendment, the amendment offered by the gentleman from Ohio [Mr. BURTON] to place this project under the Federal water power act, would mean the defeat of the Ford proposition. If the adoption of this amendment and adherence thereby to the deliberately accepted policy of the United States, accepted after mature consideration, for the conservation of the national resources, should result in a defeat of the Ford proposition, it ought to result in that defeat. [Applause.]

I knew nothing of any of these companies, neither the Alabama Power Co. nor any of them, until the Committee on Military Affairs took up for consideration this offer; but for over two years this committee has studied this question. I do not in any way attempt to depreciate the extraordinary enthusiasm of the gentlemen who favor the Ford offer. I speak merely as a member of the committee who for two years made

a study of the question. At the end of the last Congress the views of the minority were expressed in a very able report submitted by the gentleman from Ohio [Mr. KEARNS]. Our views are practically the same to-day—that neither nitrate plant No. 1 nor nitrate plant No. 2 should be sold. They cost the taxpayers of this country too much money. They ought to be leased, together with the hydraulic electric power created by Dam No. 2, and this lease ought to be made under the Federal water power act. Now, the gentleman from Tennessee states that if you adopt the Burton amendment you defeat the Ford offer.

I have heard that suggestion raised, not by the gentleman from Tennessee but by certain members of the Committee on Military Affairs, in the last two years in reference to every proposal for change in the Ford offer that has been made. In spite, however, of this repeated protest we have caused from time to time changes or modifications of the Ford offer, and I can here show you the hearings and suggest to you that in spite of what has been repeatedly stated we still have the Ford offer with us, and to predict that even if the Burton amendment is adopted and you put this project under the Federal water power act Henry Ford and his interests will still jump at and grab at Muscle Shoals.

I desire to call to your attention the fact that there have been several Ford offers. There was the Ford offer on the 25th day of January, 1922, that we considered seriously and which itself was a modification of a previous offer. That offer was abandoned in certain particulars after hearings before our committee, and there was afterwards substituted the offer of the 31st of May, 1922, which we now have under consideration. Now, gentlemen, please mark this: As a direct result of the criticism and antagonism of the Committee on Military Affairs, as shown in the hearings on this proposition, Mr. Ford, through his agent, Mr. Mayo, abandoned the provisions contained in section 17 of his 25th of January offer by which he attempted to secure a perpetual extra right after the first 100 years. I ask you to direct your attention to page 16 of the original hearings.

Section 17 of the offer of January 25, 1922, provided:

17. In order that said company may be supplied with electric power and the farmers with fertilizers after the termination of the said 100-year leases, should the United States elect not to operate said power plants but determine to lease or dispose of same, the company shall have the preferred right to negotiate with the United States for such lease or purchase and upon such terms as may then be agreed upon. If the said leases are not renewed or the property covered thereby is not sold to said company, its successors or assigns, any operation or disposal thereof shall not deprive the company, its successors or assigns, of the right to be supplied with electric power at reasonable rates and in amount equal to its needs, but not in excess of the average amount used by it annually during the previous 10 years.

Note the second paragraph of this section. The Ford representative at first insisted upon it, as they did at the same time in the 100-year original term, but they dropped it. They dropped it because of the following opposition in the Committee on Military Affairs. Mr. Mayo said Mr. Ford would not consider a 50-year franchise. He also said Mr. Ford wanted the "preferred" claim after the 100 years. He dropped the latter, and if you make the term 50 years under the Federal water power act Mr. Ford will accept it.

I ask your careful consideration of the following questions I asked Mr. Mayo when he appeared before the Military Affairs Committee as agent for Mr. Ford on February 14, 1922:

Mr. FIELDS. Do you care to express a positive opinion, Mr. Mayo, as to whether Mr. Ford would consider the Muscle Shoals proposition under a 50-year franchise?

Mr. MAYO. No, sir; Mr. Ford would not consider it.

Mr. HILL. Mr. Mayo, this question depends particularly on the duration of this franchise. Will you please turn to paragraph 17 of Mr. Ford's amended offer, at the top of page 18? That paragraph reads as follows:

"In order that said company may be supplied with electric power and the farmers with fertilizers after the termination of the said 100-year leases, should the United States elect not to operate said power plants but determine to lease or dispose of same, the company shall have the preferred right to negotiate with the United States for such lease or purchase and upon such terms as may then be agreed upon."

As I understand it, that means at the end of the 100-year period?

Mr. MAYO. Yes, sir.

Mr. HILL. And it is your opinion that Mr. Ford would not make this proposition except on a 100-year period basis?

Mr. MAYO. Yes, sir; that is correct.

Mr. HILL. Paragraph 17 continues:

"If the said leases are not renewed or the property covered thereby is not sold to said company, its successors, or assigns, any operation or disposal thereof shall not deprive the company, its successors, or assigns of the right to be supplied with electric power at reasonable rates and in amount equal to its needs but not in excess of the average amount used by it annually during the previous 10 years."

As I read that it looks to me as if after the 100-year period, should this proposition be accepted, there is a perpetual right on the part of the company or its successors or assigns to be provided with an amount of power equal to its needs, not in excess of the average amount used by it annually during the previous 10 years. My construction is that beyond the 100-year period there is an absolutely perpetual, prior claim by this company on the United States Government to be furnished with that amount of power. What is your view on that?

Mr. MAYO. The thought in framing that paragraph was that we would have a very large investment built up around the dams, and that it would not be fair to the company to take the power from under their feet and give it to some one else; but they should have a preferred claim, everything else being equal.

Mr. HILL. Now, then, that paragraph, according to Mr. Ford's intention, means that after the 100-year period, if it is not arranged that his interests or the successors of his company shall buy the property, he will have a perpetual right to get indefinitely and have a first lien on the power that is produced there, not to exceed the average amount used annually in the previous 10 years.

Mr. MAYO. He thought he ought to have it, everything else being equal.

Mr. HILL. That is a very unusual arrangement; it is one I had not noticed before. Here is the proposition which he puts up, as I understand it: It does not make any difference what the ultimate disposition is, his company has a perpetual first claim on the plant after the 100-year period; is that not right?

Mr. MAYO. Yes, sir.

Mr. HILL. Do you think it is a proper thing for the United States Government to tie itself up in reference to this plant forever?

Mr. MAYO. I think so. I do not see that they can lose anything by doing so. They can always exact of him whatever they could get from anybody else.

Mr. HILL. Does Mr. Ford put very much stress on this clause relating to after the 100-year period?

Mr. MAYO. I think so. He will have built up a plant to absorb all the power, and if you took the power away from him the plants would have no value.

Mr. HILL. As I understand this proposition, if at the end of 100 years Mr. Ford's company is not allowed to purchase this plant they have still in perpetuum a prior lien on the output of this plant up to its full capacity, not in excess of the average annual amount which he has taken for the previous 10 years.

Mr. MAYO. Yes, sir.

Mr. HILL. In other words, it is indefinite, forever.

Mr. MAYO. Yes; but the terms are to be agreed upon.

Mr. HILL. This clause does not say so.

Mr. MAYO. I thought it did. It says "upon such terms as may then be agreed upon."

Mr. HILL. No; it says—

Mr. MAYO (interposing). The thought was that he should get the power at the going rate which anybody else would pay for it at that time.

Mr. HILL. But it gives him a prior lien.

Mr. MAYO. As I read it, it only gives him a preference, at a rate to be agreed upon.

Mr. HILL. My thought was that Mr. Ford did not intend to tie the United States Government up forever.

Mr. MAYO. It was not meant to tie them up. He figured he had a very large investment there and that he ought to have a preference at an equal rate.

Mr. HILL. Let me read this clause to you: "If the said leases are not renewed or the property covered thereby is not sold to such company, its successors or assigns, any operation or disposal thereof shall not deprive the company, its successors, or assigns, of the right to be supplied with electric power at reasonable rates and in amount equal to its needs, but not in excess of the average amount used by it annually during the previous 10 years."

Suppose in the previous 10 years the company used every ounce of power, and then suppose that the 100-year lease terminates, and suppose the United States wants to use this plant for its own purposes. As I read that provision of the lease the United States is bound forever to continue to give to this company this prior right on that amount, so that the United States could not use it for any other purpose; is that not your understanding?

Mr. MAYO. On the basis of reasonable terms.

Mr. HILL. I am not talking about the terms; I am talking about the amount. There is no option as to the amount.

Mr. MAYO. I understand exactly what you mean. That paragraph was put in there in fairness only. If we were using 100 per cent of the power when the 100-year period lapsed, although we had used only 75 per cent during the prior 10 years, we would have the right to ask for only 75 per cent of it.

Mr. HILL. It seems to me this is rather important, and I would like to get it clear. If, say, in the previous 10 years of the contract, from the ninetieth to the one-hundredth year, this company or its successors or assigns uses every kilowatt of power, and then, after that, if the United States decides not to sell to them, then that company or its successors or assigns has a prior claim on the output of the plant; is that not right?

Mr. MAYO. It says "reasonable rates" to be made at that time.

Mr. HILL. Subject to rates, but not as to amount.

Mr. MAYO. It would cover the whole amount, if we had used the whole amount the last 10 years.

Mr. HILL. Is not that, then, a virtual disposition in perpetuity of this property to that company?

Mr. MAYO. At reasonable rates; yes, sir.

Mr. HILL. Forever?

Mr. MAYO. At reasonable rates.

Mr. HILL. Leave the rates out.

Mr. MAYO. Oh, but the rates come in.

Mr. HILL. No; they do not.

Mr. MAYO. I think they do.

Mr. HILL. Does this not contemplate an agreement that whether at the end of the 100 years or not the United States decides not to sell to this company, that company, under certain conditions, shall be entitled to all the output forever, irrespective of anything except the fixing of rates? Is that clear? My own thought was that this particular paragraph did not mean what it appears to mean, because that had not been raised before.

Mr. MAYO. The intent is that after the 100-year period has lapsed the company has the right to get the same amount of power that they have been using the last preceding 10 years at a reasonable rate.

Mr. HILL. Forever?

Mr. MAYO. Yes; subject to agreement.

Mr. HILL. I do not see anything like that here; I see the absolute grant of a perpetual first lien on the purchase of this company, and I want to ask if that is the intention of this offer?

Mr. MAYO. In the third line of the paragraph it says, "the preferred right to negotiate."

Mr. HILL. Yes; I see that. Paragraph 17 is made up of two parts, and the first part takes up the possible sale to this company.

Mr. MAYO. And upon such terms as may then be agreed upon.

Mr. HILL. That is the sale.

Mr. MAYO. It says "for the lease or purchase."

Mr. HILL. That ends with the word "upon." I invite your attention to the following words: "If the said leases are not renewed or the property covered thereby is not sold to said company, its successors or assigns, any operation or disposal thereof shall not deprive the company, its successors or assigns, of the right to be supplied with electric power at reasonable rates and in amount equal to its needs, but not in excess of the average amount used by it annually during the previous 10 years."

The point I have especially in mind in connection with that is this: Suppose at the end of this 100-year period it has become obvious to the people of the United States that the United States should own all its great water powers and control them itself, and dispose of them itself, in its own way, dispose of the products of them. That is not an inconceivable thing?

Mr. MAYO. No, sir.

Mr. HILL. As I read the second part of paragraph 17, there is conveyed there an absolute right, the taking away of which would be a violation of the guaranties of the Constitution, which gives this company a prior claim on the output of this particular project. I want to ask if that is the intention? It seems to me it is.

Mr. MAYO. The Government is the owner of this dam for the 100 years, is it not?

Mr. HILL. The Government would be the owner after the 100 years?

Mr. MAYO. No, sir; they are always the owner.

Mr. HILL. Oh, yes; but there is a lease up to the 100-year period?

Mr. MAYO. Yes, sir.

Mr. HILL. What I mean to say is that although this appears to be only a lease up to 100 years, it is practically a grant in perpetuity, absolutely, without the 100-year period?

Mr. MAYO. But in that time, if it should be decided that the Government should own its water powers, it always owns this one, and it seems to me this would be subject to the same rules and regulations under which they would sell their power from other dams.

Mr. HILL. But you would have a preferred claim on the output?

Mr. MAYO. We think we should have.

Mr. HILL. You think that under this contract this company which Mr. Ford proposes to create should have forever a preferred claim on all the output of this plant; is that right?

Mr. MAYO. Oh, yes, sir; at reasonable terms. If the Government is selling all of its own power, controlling all of its own power, we should get it at the going rate.

Mr. HILL. On reasonable terms, as to terms, but not as to output. You would acquire a perpetual exclusive right to use the output; is that not right?

Mr. MAYO. Not all the output, but the average amount we had used for the last 10 years. It was taken for granted that in that time the thing would become stabilized, and we would be using a certain amount of power and that we would have the right to use that power. There are indefinite grants of power rights on navigable streams. The Mississippi River Power Co. has one at Keokuk, Iowa; the Alabama Power Co. has one at Lock 12 on the Coosa River. There are a number of others. The idea is nothing new.

Mr. HILL. If you had used all the power, you would have the right to all of the output?

Mr. MAYO. Yes, sir.

In the foregoing hearings Mr. Mayo insisted on prior and perpetual rights after the termination of 100 years, just as to-day his friends insist on the 100-year term. After the above hearing Mr. Ford dropped this claim.

I ask you to direct your attention to section 18 of the later offer of May 31, 1922, and section 17 of the McKenzie bill, and then to refer back to section 17 of the original Ford offer, which I have just quoted. The hearings show my questions.

The amended offer of Mr. Ford drops the quite untenable claim for priority after the 100 years. Mr. Ford evidently decided that he had better drop this demand. Note section 18 of the May 31 offer:

Sec. 18. In order that said company may be supplied with electric power and the farmers and other users with fertilizers after the termination of the said 100-year leases, should the United States elect not to operate said power plants but determine to lease or dispose of same, the company shall have the preferred right to negotiate with the United States for such lease or purchase and upon such terms as may then be prescribed by Congress.

Nor does the McKenzie bill revive the old demand of January 25, 1922. Here is the section of the pending McKenzie bill:

Sec. 17. In order that said company may be supplied with electric power and the farmers and other users with fertilizers after the termination of the said 100-year lease, should the United States elect not to operate said power plants but determine to lease or dispose of same, the company shall have the preferred right to negotiate with the United States for such lease or purchase and upon such terms as may then be prescribed by Congress.

Mr. Mayo said in 1922 that if we did not give Mr. Ford priority after the original 100 years he would not continue his offer. The committee protested against it in the numerous hearings before the committee, and Mr. Ford cut that clause from his present offer, and it does not appear in the McKenzie bill.

Gentlemen, we stand here responsible only to the American people for the disposition of the greatest nitrate plant in this country, a nitrate plant that the Secretary of War says at the present time, with the Waco Quarry and plant No. 2 in connection, will turn out enough nitrate to take care of two field armies of 1,000,000 men. I am not against the leasing of these dams or the leasing of these nitrate plants, and so forth, for a reasonable period of time. The gentleman from Tennessee [Mr. GARRETT] says if you make the term 50 years you will kill the Ford offer. I say to you that Mr. Ford's agents said they would not submit their proposition again if they did not have a prior option to continue their contract at the end of the 100 years. When that was cut out by the committee the Ford agents still made their offer. The question you will vote on is whether we will stand by the Federal water power act—and I hope you will vote in favor of it, as expressed by the amendment of the gentleman from Ohio. [Applause.]

Mr. McKENZIE. Mr. Chairman, when we first took up this matter for consideration two years ago the Secretary of War appeared before us as a witness, and I asked him this question:

Mr. McKENZIE. Mr. Secretary, I will be very brief. If we should adopt your suggestion to change this plan from a 100-year term to a 50-year franchise, it would simply be a refusal to accept the offer

made by Mr. Ford and would necessitate the submission of an entirely new proposition, would it not?

Secretary WEEKS. It would, unless Mr. Ford agreed to it.

Mr. Ford declined to agree to it. Now, my friends, we are up to a point of casting a very important vote.

The amendment is offered by the gentleman from Ohio [Mr. BURTON] in all good faith, and I want to say to him and to all other gentlemen like my friend from Iowa [Mr. DICKINSON], who are so conscientious about the water power act, do not deceive yourselves, my good friends; gentlemen, do not deceive yourselves with the idea that by voting through any such amendment as that it will be possible to settle this great question in the interest of the American people. The water power act is all right in its place. I voted for it. It embodies an agency for the Government to do certain things for us. But when we created that commission and when I voted for it I did not surrender my rights as a Member of the Congress of the United States, nor did Congress surrender its sovereignty over the agency which it had created. It is simply an agency, and to come in now and say that the Congress of the United States shall not have the right in its majesty to take hold of a great proposition like this and determine it, to my mind, is a very poor argument to make. The man that is making it from a conscientious standpoint I do not criticize, but whence comes the demand? As the gentleman from Tennessee pointed out, it does not come from the toiling millions of this country. I want to say to my colleague from Illinois [Mr. GRAHAM], who spoke here yesterday afternoon in favor of this proposition and for the defeat of the Ford offer, that the farmers of America are not asking him to do that; the workingmen of Rock Island and Moline and the hundreds of thousands of workingmen elsewhere and railroad men everywhere are not asking us to do this. The great business interests of our country outside of the corporate powers that are now interested in transmitting this current are not interested in defeating this proposition.

I want to say to you, my friends, and especially you on this side of the House, the old 157 standpatters, of whom I was one, who marched down to defeat here a few days ago while holding up the banner of Andrew Mellon to reduce further the surtaxes of certain of our citizens, I believed then, as it was alleged, and I believe now that it is a sound economic policy; but you, my friends, who have followed the banner of the Republican Party as I have from my boyhood days, proud of its achievements, and who have stood before thousands of people and boasted how we had protected the rights of the people, how we had stood for the interests of the common workingman, and how we had stood for the farmers, and how we had stood for big business and for giving big business a square deal, let me appeal to you, my friends. We are in power. We are responsible for action in this House. And in God's name, are you going to permit a great measure like this, that is fraught with more potential good to this country than any measure I have ever had the pleasure to support, are you going to quibble and find fault and try to find a little subterranean passage to get out and let it go to the country that the Republicans are opposed to this measure? I hope you are not going to do it. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois has expired. The question is on agreeing to the amendment offered by the gentleman from Ohio [Mr. BURTON].

The question was taken, and the Chairman announced that the yeas appeared to have it.

Mr. BURTON. A division, Mr. Chairman.

The CHAIRMAN. The gentleman from Ohio asks for a division.

The committee divided; and there were—ayes 79, yeas 169.

Mr. MORIN. Mr. Chairman, I ask for tellers.

The CHAIRMAN. Tellers are demanded.

Tellers were ordered, and the Chairman appointed Mr. McKENZIE and Mr. BURTON to act as tellers.

The committee again divided; and the tellers reported—ayes 104, yeas 182.

So the amendment was rejected.

Mr. WILLIAMSON. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The gentleman from South Dakota offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. WILLIAMSON: Page 3, line 8, strike out all of line 8 after the word "facilities," all of line 9, and all of line 10 appearing before the word "payable."

Mr. McKENZIE. Mr. Chairman, I ask unanimous consent that the amendment be again reported. We could not hear it. The CHAIRMAN. Without objection, the amendment will be again reported.

The amendment was again read.

Mr. WILLIAMSON. Mr. Chairman and gentlemen of the House, under the offer as it now stands and as it is embodied in this bill, Henry Ford will only pay interest in the way of rental upon what is expended on Dam No. 2 after May 31, 1922. Prior to that time this Government had expended more than \$17,000,000 upon Dam No. 2. Every dollar of this money went into construction work and not into improvements. The \$17,000,000 spent is just as much a part of the cost of Dam No. 2 as the additional millions that we have spent since May 31, 1922, and the further millions that we will expend before the dam shall have been completed. There is no more justification in exempting Henry Ford from the payment of interest upon the first \$17,000,000 than there is for exempting him on the millions spent subsequently upon this dam. We have already, under this proposal, agreed to give to Henry Ford \$80,000,000 worth of property for \$1,500,000. He proposes to give us \$5,000,000 in payment for \$85,000,000 worth of property. This included the Gorgas steam plant which cost \$5,000,000. Under this bill we are giving him back \$3,472,481 we received for this plant for the construction of another steam plant in lieu of the Gorgas plant. It is the most munificent gift ever given to mortal man, and that this Congress should ever think of handing over an additional gift in the way of an exemption from the payment of interest upon the first \$17,000,000 put into this dam is quite inconceivable, yet the advocates of this bill seem determined to do that very thing.

It has been said here that Henry Ford proposes to amortize the entire cost of these two dams in 100 years; but, my friends, this proposed amortization does not include interest upon the \$17,000,000. Not only that but his total payments to this Government in 100 years' time only amounts to \$4,368,378 under the amortization paragraph, an infinitesimal sum when compared with what he gets. If we were to amortize the interest paid, together with the sinking fund, we should, indeed, have a pyramid of striking dimensions at the end of the 100-year period. But, on the other hand, if we were to amortize the loss to the Government as the result of turning over this vast plant to Henry Ford on the same basis we should have another beside which the first would be a mere pigmy. Our losses, with interest compounded at 4 per cent annually, would amount to \$1,470,000,000. If it is fair to figure that way on behalf of Mr. Ford, it is equally fair to figure upon the same basis on behalf of the American people, whom we are supposed to represent.

As I said to this House the other day, this Government, by retaining possession of its own plant, can manufacture fertilizers as cheaply as Henry Ford, and by disposing of the surplus current can retire the entire cost of the plant in 50 years' time. Capital cost will then be eliminated and it can manufacture fertilizer and sell current at actual cost of operation.

Much has been said about the Alabama Power Co. But, gentlemen, the Alabama Power Co. is not concerned here, and, so far as I am concerned, I have never seen a representative of the Alabama Power Co. since I came to Congress. There has not been any kind of propaganda that I know anything about by this company for more than 18 months. Constant reference to this and other companies here is ridiculous, and is put forward in order to befog the issue.

The fact is, gentlemen, that this offer can not be defended upon any principle of justice or with any regard to the rights of the American people. Indeed, its proponents have practically ceased to defend it, but are determined to put it across regardless of the American taxpayers. We are told to follow the Republicans. Who are the Republicans? A mere handful of them just voted against the Burton amendment, which would have compelled Ford to come under the water power act. The Republican supporters of this bill are working with the Democrats, not with the big majority on their side of the House. It is not, gentlemen, a party issue; I concede that; it is not a southern issue; it is not a northern issue; it is a national issue, and we ought to stand up and see to it that every last dollar in the American Treasury is not given to Henry Ford. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota [Mr. WILLIAMSON].

The question was taken; and on a division (demanded by Mr. WILLIAMSON) there were—ayes 44, yeas 110.

So the amendment was rejected.
The CHAIRMAN. The Clerk will read.
The Clerk read as follows:

SEC. 4. The company will further pay to the United States during the period of the lease of Dam No. 2, \$35,000 annually, in installments quarterly in advance, for repairs, maintenance, and operation of Dam No. 2; its gates and locks; it being understood that all necessary repairs, maintenance, and operation thereof shall be under the direction, care, and responsibility of the United States during the said 100-year lease period; and the company, at its own expense, will make all necessary renewals and repairs incident to efficient maintenance of the power house, substructures, superstructures, machinery, and appliances appurtenant to said power house, and will maintain the same in efficient operating condition.

Mr. BURTON. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The gentleman from Ohio offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BURTON: Page 3, in section 4, strike out lines 18 to 25, inclusive, and insert in lieu thereof the following: "The company, during the period of this lease, shall, at its own expense, provide for the necessary repairs, maintenance, and operation of Dam No. 2, its gates and locks."

Mr. BURTON. Mr. Chairman, the purport of this amendment is perfectly clear. It is to compel the grantee under this license to do what every other licensee must do and what is done in every other business transaction, namely, pay the expense of maintenance.

There is here provision for a ridiculously small amount. These dams are to cost, one of them probably between \$50,000,000 and \$60,000,000, the other \$25,000,000. The first is to be leased for 100 years and the amount that is to be paid by this company is \$35,000 a year, much less than 1 per cent.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. BURTON. Yes.

Mr. STRONG of Kansas. Would it not take more than \$35,000 to operate the locks, as there are two of them 60 feet wide and 300 feet long?

Mr. BURTON. Yes; that is a very good suggestion. It will probably require four to six men in three shifts, and the mere operation of the locks will cost more than \$35,000 a year.

Now, I am keenly disappointed in the vote that was just taken, but I want to be a good sport and be good-natured about it. I have been defeated before, but I repeat what I said day before yesterday, that I have had some experience with this very Tennessee River. A measure was passed here and I was very much attacked because I opposed granting the right to construct dams at any place in the river along by Muscle Shoals. The newspapers especially were somewhat bitter about it, but within eight months, beginning with a telegram from the mayor of Huntsville and signed by the leading citizens, they asked me to defeat that very bill that had been passed, and I did defeat it by inserting a provision in the river and harbor bill of 1907.

History sometimes repeats itself. It may not be so soon as that, but I think this House will hear from the country; I think it will hear from the farmers of the country, and I desire in this connection, as it has been very generally supposed that the farmers were all in favor of this, to repeat what I said the other day, that it is only one of about half dozen such organizations that is in favor of the Ford plan.

Why should it be considered that there is only one man who can carry out this proposition? Why should we kotow to Henry Ford? I deplore the amount of dust that has been scattered in the air about the Alabama Power Co. That is all aside from the question. I do not care for any of them, but I do care for seeing the rights of the Government and of the people of the United States preserved as they would be preserved by the act of 1920. [Applause.]

Now, gentlemen, if you wish to vote down this amendment, understand just what you are doing. You are imposing upon the Government of the United States the obligation of maintaining a dam costing \$60,000,000, which, as the gentleman from Texas has said, might wash away at any time, for the beggarly pittance of \$35,000 a year. Vote that way if you wish to, but I wish to have it understood, while you are voting on this subject, the kind of support there is behind this bill.

Mr. BLANTON. Mr. Chairman, I offer a substitute.

Mr. BURTON. Mr. Chairman, I ask unanimous consent to have this paper inserted in the Record.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to have a paper inserted in the Record as part of his remarks. Is there objection? [After a pause.] The Chair hears none.

The matter referred to is as follows:

NATIONAL GRANGE, P. OF H.,
Washington, D. C., March 5, 1924.

HON. THEODORE E. BURTON,
House Office Building, Washington, D. C.

DEAR SIR: Your letter of March 5 just to hand, and in reply will say that the National Grange has never at any time specifically indorsed the Henry Ford Muscle Shoals proposition, but at each session of the National Grange has for the last three years passed some kind of a resolution with reference to Muscle Shoals.

I am inclosing a copy of the resolution adopted at its last session at Pittsburgh last November. An identical resolution was adopted the year before, and in somewhat modified form similar resolutions had been previously adopted.

Trusting that this satisfactorily answers your inquiry, I am,

Yours sincerely,

T. C. ATKESON,
Washington Representative.

MUSCLE SHOALS.

We repeat our former declaration that that great development of natural resources at Muscle Shoals should be leased or sold by the Government to the highest bidder on such terms as will best safeguard and protect the interests of the public, or that it be operated by the Government at once. To do this effectively, measures should be enacted into law which guarantee, first, that nitrate and fertilizer production to the capacity of the project will be continually carried on; second, that the entire project be made available for military uses in times of war; third, that experimental and research work be established to develop and to discover new and approved methods for fixing nitrogen and manufacturing fertilizers; fourth, that sufficient power shall be guaranteed in times of peace to operate the project at its full capacity; fifth, that provision be made for reimbursing the Government the additional money required to complete the project.

Mr. McKENZIE. Mr. Chairman—

The CHAIRMAN. The gentleman from Illinois, the chairman of the committee, is recognized.

Mr. McKENZIE. Mr. Chairman and gentlemen of the committee, I am not going to take your time to discuss this amendment further than to say that I do not put my judgment up against the judgment of my distinguished friend from Ohio. The gentleman has had more experience than I have had, but I rely on a friend of his, Gen. Lansing H. Beach, the Chief of the Corps of Engineers of the United States Army, who stated to our committee that \$50,000 would take care of this work on the two dams. General Beach wrote a letter to the Secretary of War stating that \$50,000 would do it, and therefore I am bound to believe the Chief of Engineers of our Army, and I ask for a vote.

Mr. FROTHINGHAM. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Mr. Chairman, I offer a substitute.

Mr. FROTHINGHAM. I merely wanted to bring out the fact that anything General Beach said—

Mr. BLANTON. Mr. Chairman, I have offered a substitute which is in order under the rules and I ask that it be read.

Mr. FROTHINGHAM. Mr. Chairman, have I the floor?

Mr. BLANTON. I presume we are working under the rules of the House.

The CHAIRMAN. If the gentleman from Texas will subside until we get order, the gentleman will be recognized.

Mr. CLARK of Florida. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Did the gentleman from Illinois yield the floor?

Mr. FROTHINGHAM. The gentleman yielded to me for a question.

Mr. CLARK of Florida. Mr. Chairman, a parliamentary inquiry. Who has the floor?

Mr. McKENZIE. Mr. Chairman, I move that the committee do now rise.

Mr. FROTHINGHAM. Will the gentleman yield to me for a question?

Mr. McKENZIE. Yes; I yield to the gentleman for a question.

Mr. FROTHINGHAM. I wanted to ask the gentleman if what he said about General Beach included putting up the dam again if it was swept away. General Beach merely covered the upkeep and not replacing it in case it was destroyed by earthquake or in some other way.

Mr. McKENZIE. Certainly, and if the Government was operating the dams and they were washed away they would have to replace them.

Mr. McKENZIE. Mr. Chairman, I move the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MAPES, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee having had under consideration the bill (H. R. 518) to authorize and direct the Secretary of War to sell to Henry Ford nitrate plant No. 1, at Sheffield, Ala.; nitrate plant No. 2, at Muscle Shoals, Ala.; Waco Quarry, near Russellville, Ala.; and to lease to the corporation to be incorporated by him Dam No. 2 and Dam No. 3 (as designated in H. Doc. 262, 64th Cong., 1st sess.), including power stations when constructed as provided herein, and for other purposes, had come to no resolution thereon.

INTERNATIONAL INSTITUTE OF AGRICULTURE AT ROME (S. DOC. NO. 58).

The SPEAKER laid before the House the following message from the President which, with the accompanying papers, was read and referred to the Committee on Foreign Affairs.

To the Congress of the United States:

I invite the attention of the Congress to the accompanying report of the Secretary of State concerning requests made by the Secretary of Agriculture that legislation be obtained that will enable an appropriation of \$10,045 to be made for the expenses of nine delegates to the meeting of the General Assembly of the International Institute of Agriculture at Rome in May next, and an appropriation of \$5,000 to enable the United States to meet the obligation which would be incurred in requesting the admission to the institute of Hawaii, the Philippines, Porto Rico, and the Virgin Islands.

I quite agree with the views of the Secretary of State and the Secretary of Agriculture that it is important to the agricultural interests of the United States that this country should be adequately represented in the General Assembly of the institute, and that the United States should have in the assembly a voting strength and influence equal to that of any other country. I therefore commend the requests to the favorable consideration of the Congress.

CALVIN COOLIDGE.

THE WHITE HOUSE, March 7, 1924.

HOUR OF MEETING TO-MORROW.

Mr. LONGWORTH. Mr. Speaker, at the suggestion of the gentleman from Illinois, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock a. m. to-morrow.

The SPEAKER. The gentleman from Ohio asks unanimous consent that when the House adjourns to-day it adjourn to meet at 11 a. m. to-morrow. Is there objection?

Mr. BLANTON. Mr. Speaker, reserving the right to object, there are committee meetings to-morrow morning, and all of us are interested in this bill.

The SPEAKER. Is there objection?

Mr. BLANTON. I object.

ADJOURNMENT.

Mr. LONGWORTH. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 50 minutes p. m.) the House adjourned until to-morrow, Saturday, March 8, 1924, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

390. Under clause 2 of Rule XXIV, a letter from the Secretary of Agriculture, transmitting a detailed statement of expenditures of the Department of Agriculture for the fiscal year ended June 30, 1923, was taken from the Speaker's table and referred to the Committee on Expenditures in the Department of Agriculture.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. HUDSON: Committee on Indian Affairs. H. R. 26. A bill to compensate the Chippewa Indians of Minnesota for lands disposed of under the provisions of the free homestead act; without amendment (Rept. No. 272). Referred to the Committee of the Whole House on the state of the Union.

Mr. HUDSON: Committee on Indian Affairs. H. R. 694. A bill to amend an act entitled "An act for the relief of the Saginaw, Swan Creek, and Black River Band of Chippewa

Indians in the State of Michigan, and for other purposes," approved June 25, 1910; without amendment (Rept. No. 273). Referred to the Committee of the Whole House on the state of the Union.

Mr. HUDSON: Committee on Indian Affairs. H. R. 4460. A bill authorizing payment to certain Red Lake Indians, out of Chippewa Indian funds, for garden plats surrendered for school-farm use; with an amendment (Rept. No. 274). Referred to the Committee on the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. HUDSON: Committee on Indian Affairs. H. R. 4461. A bill to provide for the payment of certain claims against the Chippewa Indians of Minnesota; without amendment (Rept. No. 275). Referred to the Committee of the Whole House.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. CASEY: A bill (H. R. 7727) to increase the limit of cost of the public building at Pittston, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. LITTLE: A bill (H. R. 7728) to relieve Fort Scott, Kans., of repair, maintenance, and care of 1 mile of the old Government roadway from the national soldiers' cemetery into Fort Scott, known as National Avenue; to the Committee on Military Affairs.

By Mr. WOLFF: A bill (H. R. 7729) adjusting the pay of students of officers' training camps; to the Committee on Military Affairs.

By Mr. REED of West Virginia: A bill (H. R. 7730) to further regulate certain public-service corporations operating within the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. KAHN: A bill (H. R. 7731) authorizing the Secretary of War to sell a portion of the Carlisle Barracks Reservation; to the Committee on Military Affairs.

By Mr. SABATH: A bill (H. R. 7732) to provide adjusted compensation for veterans of the World War, and for other purposes; to the Committee on Ways and Means.

By Mr. MILLER of Illinois: A bill (H. R. 7733) transferring the counties of Madison and Bond, in the State of Illinois, from the southern judicial district to the eastern judicial district of Illinois; to the Committee on the Judiciary.

By Mr. WATSON: A bill (H. R. 7734) for the purchase of a site and the erection of a public building at Jenkintown, Montgomery County, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. WHITE of Maine: Resolution (H. Res. 212) authorizing the select committee appointed under House Resolution 186 to employ stenographic and other assistance, and for other purposes; to the Committee on Accounts.

By Mr. KENT: Resolution (H. Res. 213) providing for investigation of district No. 3, United States Veterans' Bureau; to the Committee on Rules.

By Mr. CONNERY: Memorial of the Legislature of the State of Massachusetts, proposing amendment to the Constitution authorizing Congress to enact legislation as to child labor; to the Committee on the Judiciary.

By Mr. TAGUE: Memorial of the Legislature of the State of Massachusetts, favoring enactment of uniform legislation as to child labor throughout the United States; to the Committee on the Judiciary.

Also, memorial of the Legislature of the State of Massachusetts, relative to retirement of disabled emergency officers of the United States Army; to the Committee on Military Affairs.

By Mr. PATTERSON: Memorial of the Legislature of the State of New Jersey, protesting against the enactment into law of the Johnson immigration bill because it is injurious and iniquitous to the Italian people; to the Committee on Immigration and Naturalization.

By Mr. ROGERS of Massachusetts: Memorial of the Legislature of the State of Massachusetts, favoring legislation relative to the retirement of disabled emergency officers of the United States Army; to the Committee on Military Affairs.

Also, memorial of the Legislature of the State of Massachusetts, favoring a child labor amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. TREADWAY: Memorial of the Legislature of the State of Massachusetts, in favor of an amendment to the Con-

stitution of the United States authorizing Congress to enact a uniform child labor law; to the Committee on the Judiciary.

Also, memorial of the Legislature of the State of Massachusetts favoring the passage by Congress of legislation relative to the retirement of disabled emergency officers of the United States Army; to the Committee on Military Affairs.

By Mr. CONNERY: Memorial of the Legislature of the State of Massachusetts favoring the passage by Congress of legislation relative to the retirement of disabled emergency officers of the United States Army; to the Committee on Military Affairs.

By Mr. GALLIVAN: Memorial of the Legislature of the State of Massachusetts recommending favorable consideration of an amendment to the Constitution of the United States authorizing Congress to enact a uniform child labor law; to the Committee on the Judiciary.

Also, memorial of the Legislature of the State of Massachusetts favoring the passage by Congress of legislation relative to the retirement of disabled emergency officers of the United States Army; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CONNERY: A bill (H. R. 7735) granting a pension to Jennie E. Polhemus; to the Committee on Pensions.

By Mr. FREAR: A bill (H. R. 7736) for the relief of May Dorwin; to the Committee on Claims.

By Mr. GERAN: A bill (H. R. 7737) for the relief of Wilhelmina D. Holman and the estate of M. Samuel; to the Committee on Claims.

Also, a bill (H. R. 7738) for the relief of the estate of Farnham Z. Tucker, deceased; to the Committee on Claims.

By Mr. GLATFELTER: A bill (H. R. 7739) granting an increase of pension to Mary M. Perago; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7740) granting an increase of pension to Susan Wagener; to the Committee on Invalid Pensions.

By Mr. HICKEY: A bill (H. R. 7741) for the relief of David A. Wolfe; to the Committee on Claims.

By Mr. KING: A bill (H. R. 7742) granting an increase of pension to Jerus S. Dickinson; to the Committee on Pensions.

By Mr. SALMON: A bill (H. R. 7743) granting an increase of pension to William Weaver; to the Committee on Invalid Pensions.

By Mr. SANDLIN: A bill (H. R. 7744) for the relief of Wesley T. Eastep; to the Committee on Claims.

By Mr. TAYLOR of Tennessee: A bill (H. R. 7745) for the relief of Drum Major John Sullivan; to the Committee on Military Affairs.

Also, a bill (H. R. 7746) granting a pension to Mary D. Walls; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7747) granting an increase of pension to Mary A. Rogers; to the Committee on Invalid Pensions.

By Mr. WARD of North Carolina: A bill (H. R. 7748) to provide for an examination and survey of Edenton Harbor, Edenton, Chowan County, N. C.; to the Committee on Rivers and Harbors.

By Mr. WELLER: A bill (H. R. 7749) for the relief of Henry F. Downing; to the Committee on Military Affairs.

By Mr. WURZBACH: A bill (H. R. 7750) for the relief of Webster Flanagan; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1570. By Mr. ALDRICH: Petition of the Board of Aldermen of the city of Newport, R. I., urging that Coddington Point, with the buildings and appurtenances thereof, be retained and kept in condition as part of the United States navy training station at Newport; to the Committee on Naval Affairs.

1571. By Mr. CONNERY: Petition of city council, city of Lynn, Mass., protesting the so-called Johnson immigration bill; to the Committee on Immigration and Naturalization.

1572. By Mr. COOK: Petition of Marion Council, No. 3, Junior Order United American Mechanics, Marion, Ind., in support of the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1573. By Mr. CORNING: Petition of the last meeting of the board of directors of the Albany Chamber of Commerce, relative to the appointment by the President of a Federal tax appeal board; to the Committee on Ways and Means.

1574. By Mr. FENN: Petition of Court Spinoza, No. 102, Foresters of America, New Britain, Conn., protesting against

the so-called Johnson immigration bill; to the Committee on Immigration and Naturalization.

1575. By Mr. KELLER: Petition of veterans of Spanish-American War, Philippine insurrection, and China relief expedition, now residents of the Minnesota Soldiers' Home, urging enactment of House bill 5934; to the Committee on Pensions.

1576. By Mr. KIESS: Petition of citizens of Jersey Shore, Pa., relative to the repeal of war-excite taxes, including motor vehicles; to the Committee on Ways and Means.

1577. By Mr. KINDRED: Petition of citizens of New York, assembled at the Academy of Music, Brooklyn, N. Y., protesting against the entertainment by the President of the United States of proposals for the recognition of a diplomatic representative from the so-called Irish Free State government; to the Committee on Foreign Affairs.

1578. By Mr. LINDSAY: Petition of members of Gloucester Camp, No. 5, United Spanish War Veterans, Department of New York, Brooklyn, N. Y., favoring an increase of compensation being granted to post-office employees; to the Committee on the Post Office and Post Roads.

1579. Also, petition of W. P. Conway, vice president Guaranty Trust Co., New York City, N. Y., favoring the enactment into law of House bill 745, or the game refuge bill; to the Committee on Agriculture.

1580. Also, petition of the adjutant general of the State of New York, favoring Senate bills 1974 and 2169 and House bill 4820; to the Committee on Military Affairs.

1581. Also, petition of members of the Gloucester Camp, No. 5, United States Spanish War Veterans, of the Department of New York, Brooklyn, N. Y., favoring the adjusted compensation bill; to the Committee on Ways and Means.

1582. Also, petition of Kings County District Council, No. 3, of the Steuben Society of America, urging the passage of House Joint Resolution 180 for the relief of the present distress in Germany; to the Committee on Foreign Affairs.

1583. By Mr. MAJOR of Missouri: Petition of 18 citizens of Springfield, Mo., urging the enactment into law of legislation similar to or identical with the Brookhart-Hull bill; to the Committee on Naval Affairs.

1584. Also, petition of the citizens of Slater, Mo., urging the passage of the immigration bill; to the Committee on Immigration and Naturalization.

1585. By Mr. MERRITT: Petition of the American Legion, Department of Connecticut, favoring an amendment to the war risk insurance act to extend the time limit for proving service origin of tubercular cases to five years; to the Committee on World War Veterans' Legislation.

1586. Also, petition of the American Legion, Department of Connecticut, favoring an amendment to the war risk insurance act to remove the time limit for filing claims in mental cases; to the Committee on World War Veterans' Legislation.

1587. By Mr. MORROW: Petition of members of the Shop Associations of Las Vegas, N. Mex., opposing amendments to the transportation act; to the Committee on Interstate and Foreign Commerce.

1588. By Mr. O'CONNELL of Rhode Island: Petition of the board of aldermen of the city of Newport, R. I., protesting against the dismantling and sale of buildings at Coddington Point, R. I.; to the Committee on Naval Affairs.

1589. Also, petition of members of the Young Women's Hebrew Association of Newport, R. I., opposing the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1590. By Mr. ROUSE: Petition of citizens of Kenton County, Ky., indorsing the passage of the immigration bill; to the Committee on Immigration and Naturalization.

1591. By Mr. SHREVE: Petition by the city council of Erie, Pa., opposing passage of House bill 7044, known as the Chicago Drainage Canal bill; to the Committee on Rivers and Harbors.

1592. By Mr. SPEAKS: Petition of 24 citizens of Columbus, Ohio, urging enactment of legislation requiring that all strictly military supplies be manufactured in the Government-owned navy yards and arsenals; to the Committee on Naval Affairs.

1593. By Mr. TAGUE: Petition of Master House Painters and Decorators Association, of Somerville, Mass., advocating increase in second-class postage rates; to the Committee on the Post Office and Post Roads.

1594. By Mr. TEMPLE: Petition of a number of women of Washington, Pa., in support of the adjusted compensation bill; to the Committee on Ways and Means.

1595. By Mr. YATES: Petition of Hon. William H. Conkling, postmaster, Springfield, Ill., favoring giving full rights of the retirement act to supervisory employees of the Postal Service; to the Committee on the Post Office and Post Roads.